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ABSTRACT

The first witness in this oversight hearing on the school lunch program, the Assistant Secretary for Food and Consumer Services (Department of Agriculture), presented the findings of a study on child nutrition programs mandated by Congress and discussed the Reagan Administration's view of the status of the programs as a whole, including its policy on income verification for potentially eligible children. The Administration's position, and particularly its position on verification, was criticized in oral and prepared statements by witnesses representing the Children's Defense Fund, the Food Research Action Center, and the American School Food Service Association. The director of food services for Columbus, Ohio, made an oral statement describing the situation in Columbus and criticizing the Administration's verification stand. Material for the record was submitted by the American Legion, the Pittsburgh Public Schools, and the Society for Nutrition Education. (CMG)

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OVERSIGHT HEARING ON SCHOOL LUNCH PROGRAM

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HEARING

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, D.C. ON JUNE 2, 1983

Printed for the use of the Committee on Education and Labor

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OVERSIGHT HEARING ON SCHOOL LUNCH PROGRAM

THURSDAY, JUNE 2, 1983

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:40 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Kildee, Ackerman, Packard, and Gunderson.

Staff present: John F. Jennings, counsel; Beatrice Clay, legislative specialist; Mary Jane Fiske, senior legislative associate; and Richard DiEugenio, senior legislative associate.

Mr. KILDEE [presiding]. The subcommittee will come to order.

Chairman Perkins is delayed. I understand he will be joining us shortly.

This subcommittee is meeting this morning to conduct an oversight hearing on the school lunch program. We will be receiving the findings of a recently completed study on child nutrition programs mandated by Congress.

The Federal Government has had a vital role in this area since just after World War II. The results of this and other similar studies are invaluable to the Congress in assessing the impact of the Federal role, in suggesting ways to refine that role and to improve it.

Our guest this morning is Ms. Mary C. Jarratt, Assistant Secretary for Food and Consumer Services of the U.S. Department of Agriculture, who will present the findings of the study.

Later this morning the subcommittee will also hear from a panel of distinguished experts in the field of child nutrition, about future directions for the Federal Government to pursue in this area.

Mr. KILDEE. Our first witness is one well-known to us. Ms. Jarratt, we welcome you. Without objection, your prepared statement will be inserted in the record in toto. You may proceed in any fashion you desire.

STATEMENT OF MARY C. JARRATT, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY JOHN H. STOKES III, DIRECTOR, OFFICE OF ANALYSIS AND EVALUATION, FOOD AND NUTRITION SERVICE; GEORGE BRALEY, DEPUTY ADMINISTRATOR, SPECIAL NUTRITION PROGRAMS, FOOD AND NUTRITION SERVICE; JACK RADZIKOWSKI, CHIEF, SCHOOL PROGRAMS BRANCH, EVALUATION STAFF, FOOD AND NUTRITION SERVICE; AND STEVEN GALE, PROJECT OFFICER, INCOME VERIFICATION STUDY, FOOD AND NUTRITION SERVICE

Ms. JARRATT. Thank you, Mr. Kildee. It is a pleasure to be with you and other members of the subcommittee this morning.

We are delighted to have this opportunity to talk with you about the first nationally representative evaluation of our school feeding programs.

To begin with, I would like to emphasize that despite supposedly adverse effects of recent legislation and administration policies as depicted by some, student participation in both lunch and breakfast has increased.

For the first 5 months of fiscal year 1983 compared to the same period in fiscal year 1982, total average daily participation increased since last year by 177,000 lunches, to 23.3 million, and by 36,000 breakfasts, to well over 3.3 million.

The striking aspect of these figures is that they occurred during the very same time period that national school enrollments were declining by about three-quarters of a million students.

Particularly noteworthy is the fact that the number of children served free meals, the most needy, has jumped from 9.9 million to 10.2 million, demonstrating that our targeting efforts have been successful.

We have often been told by local school food service directors that these participation figures remain high because parents believe that the school meals are a good buy and that they are nutritionally better for their children than alternative meals.

These same food service directors say that if school districts can stretch their dollars efficiently with better shopping techniques, with price comparisons and with better meal preparation, that they can maintain these high participation figures. It is clear from their remarks that they are thinking economically, too.

To insure that the schools continue to serve nutritious and economical meals, we are attempting to provide training to assist them in our regional offices around the country. We have just conducted a food procurement conference for the mid-Atlantic region, and we intend to conduct other such conferences in the other regions of the Food and Nutrition Service.

In addition, today, to our news on participation, we would like to call your special attention to the final report that USDA has released on the national evaluation of school nutrition programs, which we submitted to you last month.

As you know, that study was conducted in response to Senate Resolution 90, in order to determine, among other things, the income and family composition of school nutrition program participants and the impact of the programs on student nutrient intake.

The study is unique in that it is the first and only nationally representative public health and nutrition survey of the public school age population. Moreover, the published results reflect both a thorough scientific peer review, as well as a program constituent review.

The national evaluation data show a point that is often missed; that is, that school lunch serves all students, not just the needy. The program is available in virtually all public school districts in the country; that is, about 98 percent of all districts.

While participation rates are definitely higher among lower income students than among upper income ranges, substantial numbers of students from all income and ethnic groups participate in the lunch program.

With regard to the need for income verification, a subject much on the minds of school food service people these days, the study data generally corroborate the findings of the USDA Inspector General's report of February 1981.

The similar finding in both the evaluation and the IG's report is that a good percentage of free and reduced price participants receive meal benefits for which they are ineligible.

Findings such as these were a major impetus behind the administration's legislative proposal for income verification. As you may know, some school districts have embraced the administration's initiatives on income verification, and as time proceeds, we are confident that this problem of improperly targeted benefits will be solved.

The national evaluation of school nutrition programs data base allowed an estimate to be made of the effects of the Omnibus Budget Reconciliation Act of 1981 on the targeting of meal benefits to students of various income groups.

Comparing the income characteristics of free and reduced priced participants before and after the reconciliation shows that across income groups the poorest families were not affected by eligibility changes.

The impact was greater for less needy families, those with income ranges of between $12,000 and $20,000 in annual income for the average family having schoolchildren, that is, a family size of 4.7 to 4.8 members. These findings are consistent with better targeting of reduced price benefits to lower middle-income children.

Looking at the nutritional impact, too, just as the program serves all types of students, it serves all types of students well; that is, school lunch participants whether they are more affluent or less affluent receive better nourishment than nonparticipants by any standard of comparison.

This table depicts one way of comparing the effects of school lunch on the overall 24-hour nutrient intake of participants to nonparticipants. The first two columns show that the nutrients received by school lunch participants, expressed as a percentage of the RDA students should get, is consistently superior to that received by the nonparticipants for almost all the nutrients examined.

Likewise, if one were to compare the quality of the lunch meals to nonschool meals in terms of the amounts of nutrients in the food items relative to fillers, empty calories and the like, the school

lunch program consistently comes out on top. As a supplemental feeding program, the school lunch program is doing a very good job, indeed.

What are the implications of these findings? Previous initiatives of the administration and our current package of proposals are consistent with the study's findings about the effectiveness of the lunch program. With reduced assistance to higher income eligibles, full-priced school lunch after reconciliation costs the student only 81 cents on the average.

Since the enactment of these legislative changes, a few more students from the middle-income segment of the population may have to pay something for a nutritious meal, but we submit that the Federal Government is doing its part to keep the program available and that the meal prices are, indeed, quite fair. As many people believed for a long time and as empirical data now substantiate, the lunch program is a good meal and a very good deal.

Looking at breakfast, though, most breakfasts—really, four out of five of them—are served free of charge. In contrast to the wide availability of the lunch program, the breakfast program is available in just 39 percent of the school districts. These districts tend most often to be poor.

A review of the effects of changes in the eligibility criteria for the breakfast program after reconciliation indicates that across income groups the poorest families were not affected by eligibility changes. Again, less needy families—those with $12,000 to $20,000 in annual income for an average size family with school age children—were affected to a greater extent. Because so many of the breakfasts are served free, the group is very small. Similar to findings concerning the eligibility changes in the lunch program, then, these effects are consistent with the intent of that legislation.

As logic would indicate, the breakfast participants compared to students who eat no breakfast, receive better nourishment. However, school breakfasts are not nutritionally superior when compared to alternative breakfasts, except for the milk-related nutrients, regardless of the income status of the child.

Using the same standard of comparison that we employed in the lunch discussion, the table depicts the impact of the breakfast program relative to a breakfast obtained from other sources. It shows in columns three and four that the breakfast program is superior to other breakfasts for only three of the nutrients measured. They are calcium, phosphorus and riboflavin, and these three nutrients are all associated with intakes of milk or dairy products.

What are the implications of the breakfast findings? We have already cited the conclusion that the breakfast meal is clearly better than no breakfast at all, but what about those who, in fact, have no other breakfast? How many nonbreakfast eaters could the program feed and what is the best way to reach them? The statistical models developed as part of this study give us some assistance in deciding these issues.

Based on study data, it was estimated that if most schools chose to provide the breakfast program, up to 600,000 students nationwide would eat breakfast who currently skip breakfast. However, rather than encouraging a much bigger breakfast program, the administration has proposed a framework for a much higher quality

program. To be specific, we are referring to the general nutrition assistance grant concept.

Under that grant, the States would have the flexibility to remedy the current situation in several ways. They could substitute milk-only service for the breakfast meal and still maintain much of the present nutritional benefit at a substantial cost saving, or they could improve the quality of the breakfast meal by strengthening the meal pattern such that greater use is made of dairy products, grains and less expensive sources of protein through processing agreements, using bonus commodities or other similar arrangements.

In doing that, we should keep in mind that the breakfast meal pattern was designed in a different way than the lunch pattern because many of the facilities that serve breakfast don't have the onsite preparation capabilities that one would have for lunch preparation.

Mr. Chairman, this completes our prepared testimony. I will be happy to take any questions you might have.

[Prepared statement of Mary C. Jarratt follows:]

PREPARED STATEMENT OF MARY C. JARRATT, ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman, and members of the Subcommittee, as always, it is a pleasure to appear before you to talk about the school-based child nutrition programs. Throughout the years this Committee has shown continuing interest in knowing the extent to which the National School Lunch and School Breakfast Programs operate effectively and efficiently in safeguarding the health and well-being of the Nation's children. Today, we have the somewhat unique opportunity to discuss, on a comprehensive basis, evidence of just how well those programs are doing. I would like to share with you now the latest information we have on the performance of the Lunch and Breakfast programs.

PARTICIPATION TRENDS

To begin with, despite the supposedly adverse effects of recent legislation and administration policies, as depicted by some, student participation in both Lunch and Breakfast has increased. For the first five months of Fiscal Year 1983, compared to the same period in Fiscal Year 1982, total average daily participation increased since last year by 177,000 lunches to 23.3 million (23,299,000) and by 36,000 breakfasts to well over 3.3 million (3,360,400). The striking aspect of these figures is that they occurred during the very same time period that national enrollments were declining by about three-quarters of a million students. Particularly noteworthy is the fact that the number of children served free meals—the most needy—has jumped from 9.9 million to 10.2 million, demonstrating that our targeting efforts have been successful. We have often been told by local foodservice directors that these participation figures remain high because parents believe both that school meals are a good buy and nutritionally better for their children than other meals. These same foodservice directors say that if School Districts can stretch their dollars most efficiently by shopping for the best food prices and preparing meals well, then they can maintain such participation rates. It is clear from their remarks that they are thinking economically. To ensure that schools continue to serve nutritious and economical meals, we have provided training already to local foodservice directors in the New England and Mid-Atlantic Regions on how to make the most of their food dollars. This training is being conducted by USDA and industry experts. We have plans to sponsor such training in all of the regions of the country during this coming year.

NATIONAL EVALUATION OF SCHOOL NUTRITION PROGRAMS

In addition to the news on participation we would like to call your attention to the final report from the USDA-sponsored National Evaluation of School Nutrition Programs which we have submitted to you within the last month. That study was

conducted in response to Senate Resolution 90 in order to determine, among other things, the income and family composition of school nutrition program participants and the impact of the programs on student nutrient intake. The study is unique in that it is the first and only nationally representative public health and nutrition survey of the public school age population. Moreover, published results reflect both a thorough scientific peer review as well as a program constituent review which included such persons as the past president of the American School Food Service Association and several State Child Nutrition Directors. The conduct of this study, the review of the report by a wide range of experts outside of the government, and the delivery of the report to Congress is an example of USDA's commitment to obtain high quality, objective information to aid the decision-making process on child nutrition topics.

EVALUATION FINDINGS—TARGETING OF LUNCH BENEFITS

The national evaluation data show a point that is often missed, and that is that School Lunch serves all students, not just the needy. The program is available in virtually all public school districts in the U.S. That is about 98 percent of all districts. While participation rates are higher among lower income students than among other income ranges, substantial numbers of students from all income and ethnic groups participate in the Lunch program.

With regard to the need for income verification, the study data generally corroborate the findings of the USDA Inspector General's report of February 27, 1981 (Audit Report 2780-1-Hy). The similar finding in both the National Evaluation and the Inspector General's report is that a good percentage of free and reduced price participants receive meal benefits for which they are ineligible (e.g., 21.8 percent of meal applicants are receiving excess benefits according to the National Evaluation). Findings such as these were a major impetus behind the Administration's legislative proposal for income verification. As you may know, however, some school districts have embraced the Administration's initiatives on income verification and as time proceeds we are confident that this problem of improperly targeted benefits will be solved.

The National Evaluation of School Nutrition Programs data base allowed an estimate to be made of the effects of the Omnibus Budget Reconciliation Act of 1981 (OBRA) on the targeting of meal benefits to students of various income groups. Comparing the income characteristics of free and reduced price participants before and after OBRA 1981 shows that, across income groups, the poorest families were not affected by eligibility changes. The impact was greater for less needy families (i.e., $12,000 to $20,000 annual income for the average size family having school age children, 4.7 to 4.8 members). These findings are consistent with better targeting of reduced price benefits to lower middle-income children.

EVALUATION FINDINGS—NUTRIENT IMPACT OF LUNCH

Just as the School Lunch Program serves all types of students, it serves all types of students well. That is, school lunch participants, rich or poor, receive better nourishment than non-participants by any standard of comparison. This table depicts one way of comparing the effect of School Lunch on the overall 24-hour nutrient intake of participants to non-participants. The first two columns show that the nutrients received by School Lunch participants (expressed as a percentage of that which students should get, their Recommended Daily Allowances) is consistently superior than that received by non-participants for almost all nutrients examined. Likewise, if one were to compare the quality of School Lunch meals to non-School meals in terms of the amount of nutrients in the food items relative to fillers, empty calories and the like, the School Lunch program consistently comes out on top. As a supplemental feeding program, the School Lunch program is doing a very good job, indeed.

IMPLICATIONS OF SCHOOL LUNCH FINDINGS

Previous initiatives of this Administration and our current package of proposals are consistent with the study's findings about the effectiveness of the National School Lunch Program. With reduced assistance to higher income eligibles, full price school lunch after the Omnibus Budget Reconciliation Act of 1981 cost the student only 81¢. Since the enactment of these legislative changes, a few more students from the middle-income segment of the School Lunch participants may have to pay something for a nutritious meal, but we submit that the Federal Government is doing its part to keep the program available and the meal prices quite fair. As

many people believed for a long time and as empirical data now substantiate, the School Lunch is a very good meal and a very "good deal."

EVALUATION FINDINGS—TARGETING OF BREAKFAST BENEFITS

Most School Breakfasts—4 out of 5—are served free of charge. In contrast to the wide availability of the Lunch Program in the United States, the Breakfast Program is available to just 39 percent of school districts. These districts tend most often to be poor.

A review of the effects of changes in the eligibility criteria for Breakfast in the Omnibus Budget Reconciliation Act of 1981 indicates that, across income groups the poorest families were not affected by eligibility changes. Less needy families (i.e. $12,000 to $20,000 annual income for the average family having school age children 4.7 to 4.8 members) were affected to a greater extent. Because so many of the breakfasts are served free, this group is very small. Similar to findings concerning the eligibility changes in the Lunch program, these effects are consistent with the intent of that legislation.

EVALUATION FINDINGS—NUTRIENT IMPACT OF BREAKFAST

As logic would indicate, School Breakfast participants compared to students who eat no breakfast receive better nourishment. However, school Breakfasts are not nutritionally superior when compared to alternative breakfast, except for the milk related nutrients, regardless of the income status of the child's family. Using the same standard of comparison we employed in discussing the nutritional impact of the Lunch program for a few moments ago, this same table depicts the impact of the Breakfast program relative to a breakfast obtained from some other source. It shows in column 3 and 4 that the Breakfast Program is superior to the Breakfasts for only three of the nutrients measured. They are calcium, phosphorous and riboflavin. As any nutritionist will tell you, this combination of nutrients in most cases would be accounted for by intakes of milk or dairy products. For most nutritients the table indicates that the School Breakfast is not superior to alternative breakfasts.

IMPLICATIONS OF SCHOOL BREAKFAST FINDINGS

We have already cited the conclusion that the School Breakfast meal is clearly better than no breakfast. But what about those who in fact have no other breakfast? How many "non-breakfast eaters" could the program feed? And what is the best way to reach them? The statistical models developed as part of the study give us some assistance in deciding these issues. Based on study data it was estimated that if most schools chose to provide the breakfast program, up to 600,000 students nationwide (i.e. 1.5 percent of the 40 million U.S. student enrollment) would eat breakfast who currently skip breakfast. However, rather than encouraging a much bigger breakfast program, this Administration has already proposed a framework for a much higher quality program. To be specific, we are referring to the General Nutrition Assistant Grant (GNAG).

Under the Nutrition Grant states would have the flexibility to remedy the current situation in several ways. For example, they could substitute milk only service for the breakfast meal and still maintain much of the present nutritional benefit at a substantial cost savings to themselves. Or they could improve the quality of the breakfast meal by strengthening the meal pattern such that greater use is made of dairy products, grains and less expensive sources of protein through processing agreements using bonus commodities or other similar arrangements.

Mr. Chairman, this completes my statement. I am sure you are aware that this landmark 600 page study report and data base we have provided for your consideration treats many school nutrition program topics at a fine level of detail. My staff and I will be happy to respond to any questions you have at this time to the best of our ability, or we can pursue them at your convenience outside of this hearing.

Daily Nutrient Impact:
USDA School Lunch and School Breakfast Programs

	Lunch		Breakfast	
	Superior	Not Superior	Superior	Not Superior
Problem Nutrients*				
Energy (calories)	✓			✓
Calcium	✓		✓	
Magnesium	✓			✓
Vitamin A	✓			✓
Vitamin B_6	✓			✓
Iron		✓		✓
Other Key Nutrients				
Phosphorus	✓		✓	
Riboflavin	✓		✓	
Protein	✓			✓
Niacin	✓			✓
Thiamin		✓		✓
Vitamin C		✓		✓
Total Nutrient Composite	✓			✓

*Nutrients for which many school age children often do not meet their recommended dietary allowance.

Mr. KILDEE. Thank you very much, Ms. Jarratt.

Your testimony refers to an increase in participation in the lunch program of 177,000 over last year, but what of the 3 million decline over 1981-82, when your proposed cutbacks took effect, and 3 million children, of whom 1 million were poor, left the lunch program? What about those children, especially in light of the effectiveness of the program, as shown by this study? Isn't there concern about those who drop out of the program?

Ms. JARRATT. Yes, Mr. Kildee, there is always concern about any winner and loser with any proposal. However, There are a number of factors at play other than just a change in the meal subsidy rate. I would point out that accompanying that decline we had an overall decline in school enrollment, which would reduce participation. Of the children who dropped out, only about 300,000 of those were from the free category.

Additionally, we began the collection of the social security numbers, at the same time we made the other program changes and we can't measure what impact that had on transferring children from one group to the other. I think it definitely had an impact on helping facilitate better income reporting.

Mr. KILDEE. Simultaneous with a decline in enrollment, there was a cataclysmic decline in the economy of this country, which would seem to increase the need for school lunch programs. That is the real world in which I have had to live all my life.

Having taught school, I know even when we had milder recessions in Flint, Mich., that the number of students in the lunch program at the school where I taught would increase. You could predict that, you could see that whenever the layoffs at Buick or Chevrolet or AC Spark Plug would take place.

Until recently we had 24-percent unemployment, now about 19 percent. Such unemployment is evident to a great extent throughout the country. So, along with a certain decline in lunch program enrollment there has been, as I say, this cataclysmic decline in the economy, which would really produce more people wanting to participate in that program.

How do you account for the cuts, then?

Ms. JARRATT. One of the things that we have observed this year in our participation figures, is that the children in the free category, the totally subsidized category, has increased. I think that is in response to what is happening in the economy.

As incomes go down, those children would automatically be eligible for the free lunch if they have annual incomes below about $12,090 now, this year, for a family of four. I think that is a factor that has played into the participation figures, and we now have a larger number of free participants than we did before.

Mr. KILDEE. I would be interested in a clarification of your figures to determine how many students who have dropped out of the program because of your initial cuts are still out and how many would be coming into the program because of the downturn in the economy. Raw figures just don't tell us that much.

I think in this real world in which we live we know that a downturn in the economy brings more people into the cafeteria. Is there any response to that?

Ms. JARRATT. I don't think we can fine tune it to the degree of specificity that you are suggesting. I think that we can say that participation changes are attributable to a number of factors. There was a reduction in the subsidy to the paying child that had some impact. There also was the collection of the social security numbers. There was the increase in numbers of unemployed, which brought more into the free category.

But to tell you which percentage is attributable to which factor or which percentage is attributable to just an overall decline in school enrollment, we can't fine tune it to that degree.

Mr. KILDEE. I think one way you could perhaps get a feel of that is to have some of your people visit some of these schools where perhaps the recession has been the deepest in Michigan, Indiana, Ohio, Pennsylvania. You should visit those places and see what is actually happening and to whom it is happening in the cafeteria. I think that would be very revealing.

Ms. JARRATT. We are trying to do as many of those visits as we can, Mr. Kildee. I think that a lot of the drop in participation initially was because of concern that centered around the publicity the program got after reconciliation and about the quality of the meal.

We contend, and I think most school food service people do, that the meal is high quality. It is one of the best meal buys one could get anywhere. I think that the adverse publicity has been on the downturn now, and I think people are realizing that school lunch is a good quality meal and that it is a well-priced meal. I think more and more people are drawn back to it, in combination with the other factors we have discussed.

Mr. KILDEE. I would concede that for children in many families in my district the meal received in the school lunch program is the most nutritionus meal of the day. Under ordinary circumstances this might not be true, but because many parents have been laid off from the plant for maybe a year and a half, 2 years, 3 years, they don't qualify for social services, and have exhausted their unemployment benefits, so that meal has, become the most nutritionus meal for many students from such families.

Ms. JARRATT. That is definitely true. For some of our participants it is the best balanced meal that they get during the day.

Mr. KILDEE. This study shows nutritional problems with the breakfast program. As you know, the department sets the meal pattern for that program. Isn't it logical, therefore, to conclude that you should change your regulations to improve the nutritional content of the breakfast program rather than block granting and cutting its funding by 20 percent?

Ms. JARRATT. I think that the proposal that we have for the grant allows the locals to do that. There are some school districts that simply don't want the breakfast program. They have had the opportunity for it and have not offered it.

Our breakfast program definitely tends to be a targeted program for low-income children, and the program is concentrated almost entirely in low income areas. I think that the local district has the ability to enhance that meal pattern component, just as we would. I don't think that just because we set the standard it would make it any better. I think the local districts can do that.

I don't think that spending the money to make it a national program, where it is not necessarily needed, is the answer. I think the answer is to let the localities make that decision, and if they want to enhance that program—and some probably do—then they have the flexibility with the grant to do that.

Mr. KILDEE. How can the locals adjust the nutritional quality upward when there is a 20-percent cut in the funding?

Ms. JARRATT. Some of the programs that are included in the grant, as you know, are programs that are not well-targeted. For example, the family daycare portion of the Child Care Food Program that is a part of the grant is not targeted to the needy child at all.

If I were the locality and took that grant money, I would try to provide my assistance to a well-designed meal pattern in an institutional setting, where I could have the guarantee that the meal was going, first of all, to the children who were the neediest and, second, to a guarantee that some good nutritional framework was being provided.

Mr. KILDEE. I still feel that in a State like Michigan, which is still in a very, very deep recession, that the flexibility you allow them in programing, along with the cut in funding, is not going to realistically improve the quality of the breakfast program. I just can't see that happening.

Mr. Packard?

Mr. PACKARD. Thank you, Mr. Chairman.

I appreciate your excellent statement, Ms. Jarratt. I think it is obvious that there is a significant effort being made to provide quality and healthy meals to a significant group of students. I do have a couple of questions.

The cost of the meal to the paying student is 81 cents, I believe, according to your testimony.

Ms. JARRATT. That is an average price.

Mr. PACKARD. That is an average cost?

Ms. JARRATT. Yes.

Mr. PACKARD. Does that recover 100 percent of the cost of providing that meal?

Ms. JARRATT. No, sir, it doesn't. That is just an average price taken from the schools that participated in the program. It may cost more or it may cost less to the child in a given locality, but every meal that is served in the school lunch program receives assistance.

The paying category of children, which is the group that is from an income range of $17,210 and above for a family of four, receives about 30 cents in assistance to——

Mr. PACKARD. But even those who choose to participate in the meals program, who come from families that do not participate because of economic reasons but simply because of convenience or because of a variety of reasons, they are still subsidized?

Ms. JARRATT. Yes, they are.

Mr. PACKARD. Have you figures that would indicate how many of those who are eligible for free lunches or breakfasts—let's take the lunch first—are not taking advantage of the program for a variety of reasons?

Ms. JARRATT. Of those with approved applications, about 85 percent participate each day.

Mr. PACKARD. So there are approximately 15 percent. We can deduct from that those who for their own reasons do not choose to participate, even though they would qualify for a free lunch?

Ms. JARRATT. I am going to let Mr. Radzikowski speak to the specifics of this from the study.

Mr. RADZIKOWSKI. With regard to eligibles, approximately 22 percent free eligibles do not take advantage.

Mr. PACKARD. Do not take advantage.

Mr. RADZIKOWSKI. Approximately 15 percent of approved frees do not take advantage.

Mr. PACKARD. Has there been an evaluation as to the reasons why? They must be personal reasons.

Mr. RADZIKOWSKI. There is a wide range of reasons, obviously.

Mr. PACKARD. I am sure there would be.

On the breakfast program, in which, obviously, there is much less participation and perhaps much less benefits in terms of nutrition, evaluating your free breakfast program with your milk and--what else do you serve with milk?

Ms. JARRATT. Fruit or juice, sometimes cereal, bread.

Mr. PACKARD. For my own edification, do you have more than a breakfast program? Do you have something that just provides milk, for instance, only?

Ms. JARRATT. Schools that are not participating now in other child feeding programs, breakfast or lunch or whatever, are eligible for the milk-only program. Because milk is a component of all of our structured meals, that would be a duplicative benefit. That was part of the Reconciliation Act, that the milk program was limited to schools that were not participating in other programs.

Mr. PACKARD. Repeating the same question, those who are eligible for free breakfasts, do you have figures that would indicate how many of those are not participating who are either eligible or are certified?

Mr. RADZIKOWSKI. Those who are eligible for free breakfasts, approximately 85 percent do not partake of it.

Mr. PACKARD. Do you think that the same reasons prevail for breakfast as those who do not participate in the lunch program?

Mr. RADZIKOWSKI. Not exactly. The free breakfast is not available in a large portion of the country.

Mr. PACKARD. What is the total cost to the Federal Government for the school lunch program in terms of subsidies, nonrecoverable costs?

Ms. JARRATT. For the lunch program alone? $2.7 billion.

Mr. PACKARD. How does that compare to your projected budget for the coming year?

Ms. JARRATT. About the same.

Mr. PACKARD. So we are keeping pretty well level funding for the program?

Ms. JARRATT. Yes, Mr. Packard. The administration has identified food stamps as the major Federal assistance effort for families. The lunch program is the major assistance effort for children and the WIC program for the pregnant mother and the infant.

Mr. PACKARD. I understand that. How much of the program ties in with the commodities w thin the Agriculture Department? That is probably an ambiguous question.

Ms. JARRATT. About 12 cents a meal in commodities is provided to all meals. In addition to that, and on top of the entitlement of which I spoke, we are providing what is called the bonus commodities. Commodities that are in surplus are given to lunch programs and other charitable outlets for feeding on an as-use-without-waste basis. The bonus activity is averaging about 9 cents a meal now, and that is to all levels of participation, not just to the free meal.

Mr. PACKARD. Thank you.

I have no further questions, Mr. Chairman.

Chairman PERKINS [presiding]. Madam Secretary, in the House Committee on Education and Labor, when we were ordered to cut back in 1981 some $10 or $12 billion, we were able to protect the lunch program until we got to the floor. As a result of Gramm-Latta II, we had about a 15-percent dropout, about 3 million people, because of the cutback in the reimbursement rate.

In view the testimony I have listened to, how do you explain that? We can document that, it has already been documented, and I was personally doing everything in my power to keep that from being done. We opposed it on the floor, but after we cut back on the reimbursement rate and the parents and the other people had to make it up at the local district levels, we fell off about 15 percent.

Now you are stating that it is a worthy program, and that is true enough, that the price is reasonable, and that you may be picking up some because of increased attendance, but we did not have any decrease in attendance.

I used to be a classroom teacher myself one time, and I have kept up with these problems. How do you explain Gramm-Latta II and the loss of 3 million kids and whether or not you ever intend to suggest any increases in cutbacks?

If I understand, you are suggesting maybe some cutbacks again. I am afraid we are going to destroy to a great degree the greatest feeding program in the world. We have already done that. Explain some of these situations to me. I regret that I was a little late this morning.

Ms. JARRATT. Mr. Chairman, I concede that some participation dropped off after reconciliation, but the reduced subsidy to the paying child wasn't the only thing that occurred in reconciliation. The Congress changed the eligibility criteria and lowered it a little bit. Congress mandated that we begin collecting the social security numbers.

As I indicated to Mr. Kildee, we cannot measure to what extent the collection of the social security numbers facilitated better reporting of income, but we know it has had some impact.

We know that there was an overall decline in school enrollment. True, participation did drop off initially, the first year after reconciliation, but it is up again now. There is a larger degree of participation in the free category, the neediest portion of the children, than——

Chairman PERKINS. Well, we cut back more than 1 million disadvantaged free lunches for the needy as a result of Gramm-Latta II, didn't we?

Ms. JARRATT. It went from 10.6 to 9.8 million meals a day and now it is back up in our January figures to 10.3 million.

Mr. PACKARD. Let's go over and vote. We will be right back.

[Recess.]

Chairman PERKINS. The subcommittee will be in order.

Madam Secretary, if these programs are as effective as you say they are from your studies, why did you suggest or who did suggest that we cut them 50 percent 2 years and now wanting to cut them again?

Will you explain that to the committee?

Ms. JARRATT. Mr. Chairman, the administration is not advocating cutting the lunch program, the program that gets really high marks in these studies. As a matter of fact, the level of assistance has gone up consistently for the free child under this administration every year that we have been in office. There is no proposal to cut the assistance for the lunch program.

The breakfast program is one of the programs that is included in the general assistance grant program. We believe that there is flexibility there for the locals to enhance the meal pattern, to make it available strictly to the neediest portion of their population, if they so desire.

Chairman PERKINS. To my way of thinking and from the results obtained from the breakfast program, if you get out 50 miles down home and see these kids bused 25 or 30 miles, who get up long before daylight, many of them at 5 in the morning because of the busing to get to school—they don't have all the buses that are necessary—to see them eat their breakfast at 7, I believe anybody would change their minds about the breakfast program.

You know, you get the kid out of bed at 5, 5:30, or 6—half the children in my district get out of the bed at 5:30—and are bused to the county seats to school, they are not going to eat any breakfast.

For that reason I have always thought that it was a mistake to cut the breakfast program back. We are going to fight to continue and increase the funding of that program, and we hope that you will join with us.

Anyone that doubts the value of that program, I would hope that you would drive through the Appalachian region with me, especially through Virginia, southwest Virginia, West Virginia and Kentucky, to see the good results.

I have before me your own document, "Food and Nutrition Service Budget Request, Fiscal Year 1984," dated January 1, 1983. You stated a minute ago that you were not cutting, but under the child nutrition programs you state, Eliminate the nutrition education training program, saving $5 million; reduce State administrative expenses to reflect the institution of the general nutrition assistance grant, savings: $9 million. Down here you say, Create an independent base for calculating the payment rate for reduced price lunches, savings: $4.2 million. Create an independent base for calculating the payment rate for reduced price lunches. What do you mean by that, if that is not a cutback?

Ms. JARRATT. The subsidy level for the meal, Mr. Chairman. There has been a proposed reduction in the overall child nutrition budget this year, but not for the lunch program, not for the subsidies for the children in the lunch program. We are seeking to get ways of reduction in the overall budget by giving the States flexibility to enhance that breakfast program, as you mentioned, and by eliminating the programs in there that aren't targeted, like the family day-care portion that is in the grant, which is not targeted to needy children. There certainly is a sympathy to help those children who are in need, but not to have a blanket program out there that is not necessarily well targeted to the neediest child.

Chairman PERKINS. In the next sentence in your document dated January 1 you state,

> Establish a system for reviewing and certifying free and reduced price lunch applications at local food stamp offices ($19 million in SAE funds would be needed to reimburse State food stamp organizations for this service), savings: $39.8 million.

What is your explanation for that, in your own documents?

Ms. JARRATT. Mr. Chairman, with three very reliable sources our Inspector General's report from 1980, with this national evaluation of school nutrition programs which we are speaking to today, and also in the income verification pilot study, we have evidence that about one application in five is falsely reported. In other words, the recipient is getting more benefits than to which he is entitled.

The Inspector General's report is a nationally representative survey, and so is this evaluation to which we speak today. Obviously, if you get those children in the correct category of participation, there would be some decline in participation perhaps, but there will be some savings that accrue as a result of proper participation by income category.

Chairman PERKINS. Who is committing this fraud, the poorest of the poor children who get a free lunch or the reduced price kids or the regular student? Who is committing this fraud? I have always thought if we fed these kids, you won't find many of them making a false statement, maybe 1 out of 100 or something like that here and there, but by and large we don't have fraud in this program.

How do you explain that?

Mr. RADZIKOWSKI. The evidence we have is that those who are underreporting their income are free and reduced-price children; 25.7 percent of applicants in the Inspector General's study, 21.9 percent of applicants in this study, 17.5 percent of applicants in the income verification pilot study. When I say applicants, I mean free and reduced-price applicants getting too many benefits.

Chairman PERKINS. You state, "About 20 percent of free and reduced price applications are falsely reported." Are these significant differences from the eligibility figures or are they minor?

Mr. BRALEY. Mr. Chairman, the underreporting we speak of here is only underreporting that puts the person in the improper category of reimbursement, so they are significant in the sense that they are receiving a free lunch when they should be getting a reduced price lunch or a free lunch when they should be paying the full price.

There is other underreporting that has been detected, but if it doesn't affect the category that the child is put in for meal reimbursement, we are not even including that.

Chairman PERKINS. Is that why you recommended all this cutback when we had Gramm-Latta II on the floor? Was that the reason that you recommended that?

Ms. JARRATT. The reason we recommended the cutback in Gramm-Latta II is that we believe that a child that comes from a family that is able to pay, that is in the paid category, should pay. That is where we targeted the reduction in assistance in the reconciliation activity, to the category of children who come from a family of four with an income above $17,210 a year.

Chairman PERKINS. Ms. Jarratt, if there is really this much mismanagement of the program, why haven't you corrected it? You have administered these programs for almost 2½ years.

Ms. JARRATT. That is why we sought the collection of the social security numbers, Mr. Chairman, and the Congress agreed with us, that this underreporting was significant enough that we should begin doing that.

We felt that we should conduct the income verification study in order to gain more information about how schools could best handle the verification activities——

Chairman PERKINS. That is just more extra paperwork, in my judgment, for nothing. Your answer to this mismanagement is cut back the program, isn't it?

Ms. JARRATT. No, it isn't.

Chairman PERKINS. That is what you have recommended.

Ms. JARRATT. Our answer to this is to assure that the child who needs the benefit gets it. I think to verify 3 percent or 3,000 of the applications in the school district, whichever is less, is not unreasonable.

Chairman PERKINS. Let me ask you a final question.

Do you intend to go along with the ceiling that we set in the budget resolution, increasing the funds for these programs?

Ms. JARRATT. No, we don't.

Chairman PERKINS. Thank you.

Mr. Ackerman?

Mr. ACKERMAN. Thank you very much.

Are you really saying that the children of the wealthy are getting up at 7 in the morning in order to go to school to get a breakfast that you have stated is inferior in 10 out of 13 categories, and are ripping off these programs?

Ms. JARRATT. We said that four out of five breakfasts that are served are to the neediest portion of children so, no, the breakfast program is well-targeted to low-income areas of participation.

Mr. ACKERMAN. Should not we be interested in feeding all of our schoolchildren who go to school hungry and who cannot afford to have a breakfast?

Ms. JARRATT. Many school districts have chosen not to have that breakfast program, sir.

Mr. ACKERMAN. I think the problem in why they have chosen it is a different problem altogether, and that there are administrative programs that are involved in that. My concern is the kind of roadblocks and obstacles that seem to be appearing in the way of those

who would like to be well nourished before they begin their school day.

Ms. JARRATT. Only 20 percent of those students who have the breakfast program available now participate.

Mr. ACKERMAN. Do you think that suggesting or requiring that the children of the working poor and the near poor, who are struggling to make ends meet, who are sometimes very, very proud people, go down to the welfare office to qualify for this program would discourage them at all?

Ms. JARRATT. No one is doing that. People would like to have you think that we are requiring these people to go to welfare offices. There is nothing in the administration's proposal that would have parents or children trek to welfare offices. That is a mistaken notion that is——

Mr. ACKERMAN. Where do the applications get filed?

Ms. JARRATT. At the school, and the school——

Mr. ACKERMAN. Who processes the applications?

Ms. JARRATT. Under the administration's legislative proposal, the applications are generated and received by the school. The school authority would have the opportunity to send the sample—not all the applications, but the sample—to the welfare office for verification if they choose to, or they could do it themselves.

Mr. ACKERMAN. Isn't this a duplication involving two agencies to do the work where ordinarily one agency might be able to do it? Isn't this increased bureaucracy?

Ms. JARRATT. It is an efficiency, really, because the free lunch cutoff is the same——

Mr. ACKERMAN. An efficiency or inefficiency?

Ms. JARRATT. An efficiency. The free lunch cutoff, the eligiblity level and the food stamp eligibility level is the same, Mr. Ackerman, so a school could simply collect those social security numbers and a verification that the household was on food stamps would be all that the school authority would need.

Mr. ACKERMAN. One of my concerns from your statement was that those hardest hit were from the less needy families, or the working poor, whose incomes are slightly over the $12,000 limitation. How do you address that?

Ms. JARRATT. They went from 20 to 40 cents. They paid 20 cents more for their meal.

Mr. ACKERMAN. That is a 100-percent increase.

Ms. JARRATT. They had some income with which the Congress determined they were able to participate to their own self-sufficiency. Schools can charge no more than 40 cents for their reduced price meal, and if they go from free to the next category, the child would be paying 40 cents, or no more than 40 cents. Obviously he is from a family with more income and is able to contribute something to——

Mr. ACKERMAN. Do you not see this as a discouragement to participate in the program?

Ms. JARRATT. No, I don't.

Mr. ACKERMAN. I think we have a difference of opinion here.

Ms. JARRATT. The Federal Government is still subsidizing that child at the rate of about 82 cents, in addition to the 40 cents that the child might be paying. Then 9 cents in bonus commodities goes

to that child, too, so we are still paying a substantial portion of his lunch.

Mr. ACKERMAN. Where I come from, which is New York, if you double the price of something, you increase the cost 100 percent, it seems to be a discouragement to participate or to purchase.

One more question. How do you address the 6-month cost-of-living increase for reimbursement payments into the program?

Mr. BRALEY. Mr. Ackerman, that is part of a governmentwide effort to control costs by freezing reimbursement rates in that program.

Mr. ACKERMAN. I see. You are saying that it is a governmentwide administration proposal to take food out of the mouths of our schoolchildren for 6 months so that we could subsidize the wealthy of this country by instituting the third year of the tax cut Is that who is paying for this, our schoolchildren?

Mr. BRALEY. No, I don't think there would be any effect in terms of taking food out of the mouths of any schoolchildren as the result of the 6-month delay. The subsidy rates would be adjusted 6 months later than normal. They would continue to receive the same subsidy rates they get now. The eligibility limits would go up in accord with inflation. Schools would continue to provide free meals to low-income children and reduced priced meals to eligible children.

Chairman PERKINS. Would the gentleman yield to me?

Mr. ACKERMAN. Certainly, Mr. Chairman.

Chairman PERKINS. I think you have before you the paper on that, and they say ". . . postpone for a period of 6 months any adjustments in reimbursement rates to reflect increases in the cost of living, savings: $66.1 million." It would seem to me that that was a cutback.

Excuse me for interrupting.

Mr. ACKERMAN. That is the point exactly. Thank you for clarifying it, Mr. Chairman.

That $66 million that is coming out of the mouths of our schoolchildren, that is now going to go to the wealthy of the country, is it not, in the form of a tax cut?

Ms. JARRATT. It is going to help the overall economy; hopefully to help some of these people, too, Mr. Ackerman.

Mr. ACKERMAN. So we are going to take the food out of the mouths of the schoolchildren, give it to the wealthy, so that they can help the poor?

Ms. JARRATT. I don't think we are taking food out of the mouths of the schoolchildren. As a matter of fact, we have just indicated——

Mr. ACKERMAN. Who is paying this $66 million?

Ms. JARRATT. The Federal Government gets that, to enhance the condition——

Mr. ACKERMAN. Where is it coming from?

Ms. JARRATT. The reduction would come out of the child nutrition budget.

Mr. ACKERMAN. Thank you.

Chairman PERKINS. Mr. Packard.

Mr. PACKARD. First of all, I would like to compliment the Department for their efforts in trying to bring efficiency into it. I do not

think—I cannot believe that there are any members of this committee who would recommend that we continue in fraud or in misrepresentation.

I think that it is incumbent upon the Administrators of the Department to see to it that we use the normal processes to eliminate those that would take advantage of a program at the expense of the poor and the needy children. My question is, really, concerning the breakfast program, again.

This gives me some concern in that it appears that it is a program that does not have a high participation rate. The circumstances are such that I question whether we could be optimistic about it improving. I do not think that it is our responsibility to go out and bring these children in. I think that if they do not come in and voluntarily participate in a free program, we should not spend an inordinate amount of money to try to make it successful.

Would it be feasible to use the funds and administration of the breakfast program to get greater participation and broader participation in the lunch program or in a brunch program, a milk and juice type of thing that would give perhaps the same kind of nutrient benefits and reduce the total breakfast program, not cutting out the funding portion, but transferring those funds and administrations to areas that would be more successful?

Ms. JARRATT. That is the kind of flexibility the grant program, which encompasses the breakfast program in the budget proposal for 1984 would envision, the locality could do that. I indicated to Mr. Kildee that I did not think that it was necessary that the Federal Government necessarily establish different guidelines or meal composition or whatever for breakfast, that the program has traditionally gone to areas that have poor people in it. A State knows that as well as the Federal Government, and I think the State is just as capable of enhancing that meal pattern.

One of the reasons that the meal pattern has been designed the way it is is that generally those breakfasts are served in a fast type of operation where onsite preparation facilities are not available. Different kinds of thinking went into the meal pattern for breakfast than for lunch. You can design the meal pattern any way you wish and I think that the States would do that under the 1984 budget option.

Mr. PACKARD. Then you believe, Miss Jarratt, that the current procedure of providing breakfast for the needy is the most effective and efficient way of getting the most out of the dollars that are spent?

Ms. JARRATT. I think the breakfast program is doing a good job for the needy children who are participating in it, but I think it could be better targeted, and perhaps reach more children if the State were handling the administration of it than if the Federal Government is because there are some jurisdictions that simply do not want it.

Mr. PACKARD. Is it your judgment that the breakfast program is reaching a different group of people than the lunch program, or do we have figures that would show how much of that is new people, new children? Is there considerable duplication?

Mr. RADZIKOWSKI. The breakfast program participants, in almost all cases, are also lunch program participants.

Mr. PACKARD. Are also lunch program participants.

Mr. RADZIKOWSKI. However, the breakfast program participants are at the generally much lower end of the income distribution.

Mr. PACKARD. Well, I think that is the strategy of targeting it to those people. So, in essence, what we are trying to do is get them two nutritous meals in place of one, but we are not reaching a new group of people.

Mr. RADZIKOWSKI. No.

Mr. PACKARD. There are 15 percent of the lunch people that are eligible, but not taking advantage of it, who are not being picked up in a breakfast program generally?

Mr. RADZIKOWSKI. No.

Mr. PACKARD. Thank you very much.

Chairman PERKINS. Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman, and Madam Secretary.

I understand that while I was out, and while I was coming in, you got into a discussion on the cost-of-living adjustment and its postponement. Exactly what effect will that have? Will it actually cut the funding or is it just a delay in the increase——

Ms. JARRATT. It is a delay in funding, and, of course, the free child still continues to get his meal totally subsidized with that delay. The reimbursement rate would be adjusted in January of 1984.

Mr. GUNDERSON. I suspect that I get myself in trouble with everybody when I say this, but I always say it. I am going to make the mistake again today. A lot of us here discuss funding and seem to think that dollars alone is going to determine who is or who is not going to participate in school lunch program. You seem to take an angle that the nutritional value determines who does or does not participate in school lunch programs. I wish somebody sometime, when they talk about school lunches, would talk about the human factor. It is called taste and I have yet to hear anybody interview in these hearings or anyplace else the students that go to these schools as to why they do not participate in their school lunches, frankly, when their parents think they are, when they have the money.

I can tell you from my own experience from the schools in my district, time after time the students are running downtown for a can of soda and a doughnut. Why? Because it sure beats the taste of that rotten school lunch.

When are we going to get everybody in this room today to sit down and try to give an incentive to these students to participate in school lunch? Have you done any studies, any surveys in that area that indicate——

Ms. JARRATT. Mr. Gunderson, the Secretary and I went out to Alexandria and had lunch with some fourth graders a couple of weeks ago. Contrary to that kind of lunch, they had a good lunch. They said it was—it was a pork barbecue sandwich, slaw, peaches—and it was excellent. It was very comparable to what I would eat for my lunch. I think that school lunch has gotten a bad name, and I think it is unfair to the people who do a really good job in managing this program.

I had been to school lunch——

Mr. GUNDERSON. Did they know you were coming?

Ms. JARRATT. The principal did, but the menu had been set for 3 months. We checked that. They did not change the menu because we were coming. I have been to school lunch in Texas; I have been in Oklahoma; I have been in Chicago have been all over the country, where I go, the quality of the meal is good.

I think that it is popular to criticize institutional food if you are in college, if you are in high school or wherever, but the kids were having a good time doing it. I think the offer vs. serve provision that we extended at option to the elementary school level last year did a lot about that. Good school food service managers are monitoring the acceptance of the foods they produce and the good managers are removing from their menu things that have a rejection rate above a certain percentage. They have to be skilled in food preparation and make it look attractive and get the children involved in the lunchroom environment. I think they are doing that. I think ASFSA members are much more conscious of this after the reconciliation activity. They are thinking economy; they are thinking participation trends; they are thinking student involvement.

A lot of the things that they have done on their own, as well as some things that we have tried to do to help them, I think, have not deterred the image of lunch; I think the image of lunch is very popular. I hope that the participation figures tend to corroborate that, too, but I have been pleased with the children's attitudes in the schools that I have visited.

Mr. GUNDERSON. Well, I do not want to belabor the point. I do not want to indict every school lunch in the country because I think that is unfair, but I will tell you that a week ago, I spoke at a high school graduation and the student speakers mocked the school lunches. All the students laughed in the whole gymnasium. That still is a very real factor.

You can talk money, you can talk nutrition; you put an appealing lunch in that menu, but no students will be there. It is that simple.

Ms. JARRATT. Well, these school managers, though, have to operate in the black and they know that in order to get their participation, they have got to make the child want to participate. They are guaranteed reimbursement for that free child and partial reimbursement for their reduced child, but they need the paying child to make their program a viable operation. They want those children coming in.

Now, a lot of the children buy a la carte service, but that is very important to the economic viability of the local operation because the school lunch operator has probably more pressures on her than almost any of us because she is responsible to the Federal people for reimbursement procedures. She is responsible to the school board because she has to operate in the black.

She is responsible to the parent to help guarantee that the children are getting what the parent thinks they should have, and she is responsible to the children in order to make them feel involved and to have them come into the program. So I think they are thinking marketability and I think they are doing a good job.

Mr. GUNDERSON. Going on to some other points, listening to your testimony and reading some of the other testimony that is going to

be given this morning, the allegation is continually made that you will be reducing the overall funding for child nutrition programs by some $400 million in your budget proposal. Do you agree with those numbers?

Ms. JARRATT. We have some budget proposals before the Congress: the grant concept, the delay in the COLA and so forth, that would reduce the overall child nutrition budget, but that, we believe, is through a delay in reimbursement which can be dealt with, or through better targeting with the grant concept, eliminating some funding that is going to programs now that are not targeted to poor children and enhancing the structure of some of these programs that we know do meet the needs of low-income children.

Mr. GUNDERSON. Apparently John Bode made a statement in testimony before the Senate Ag Committee where he claimed that one step that the administration has taken to curb the rate of expenditure in child nutrition programs has been to see that "Fewer eligible children are receiving benefits as family income verification increases."

Is that a goal of USDA?

Ms. JARRATT. It is fewer ineligible children.

Mr. GUNDERSON. Fewer ineligible children. In other words, there is a typo in the Senate statement? OK. I wanted to clear that up.

Ms. JARRATT. Thank you.

Mr. GUNDERSON. The statements are also made that it would cost a minimum of $150 million to restore free and reduced price income eligibility to 1981 levels. Would you people support any movement toward the 1981 level of eligibility for child nutrition programs?

Ms. JARRATT. No, we are very pleased with what the targeting has done. Needy children are being served. We felt that the children who come from the higher-income families could afford to pay a greater portion for their lunches and so we believe that the program is better structured as it currently is.

Mr. GUNDERSON. If we were to return to those 1981 income eligibility levels, approximately what would they be in terms of eligibility for reduced or free lunch?

Mr. BRALEY. In terms of percentages of poverty, we are currently at 130 percent of poverty for free meals. The law in effect immediately prior to the 1981 Reconciliation Act had a standard deduction built in. It was 125 percent of poverty, plus a standard deduction, which raised the level to about 137 percent of poverty for free meals. The eligibility for reduced-price meals was 195 percent of poverty, plus the standard deduction. In free meals, it was a change of about $600 or $700, I believe, for a family of four, if memory serves me.

Mr. GUNDERSON. Another major criticism in the testimony to follow is the effect your budget proposal will have on child care centers in the feeding of those particular different food and snack programs that presently exist. Would you care to comment at all on the exact rationale for your proposals as it affects child care?

Ms. JARRATT. Well, the family day care portion of child care, Mr. Gunderson, is the program that we have that is perhaps the least well-targeted to the needy child. About two-thirds of the children

being served there are from families that are not low income. Additionally, when the food is provided in a noninstitutional setting, we cannot provide the same kind of guarantee about the nutritional quality that you can when a meal is provided in an institutional setting.

It really is not a well-structured program compared to some of these others where we do have a very defined meal pattern which we can guarantee, and where we can enhance and encourage the participation of the needy child.

Mr. GUNDERSON. One final question: What is the present status of the cash-in-lieu-of-commodity program that you have had for some school lunch programs?

Ms. JARRATT. That study is proceeding. There was some controversy around the end of the year when the administration told the schools that were participating in cash or letter of credit mode that they would begin receiving their bonus commodities, and bonus only, back in the bonus form. That was because the costs of providing the bonus in cash or letter of credit was so expensive. The schools have returned for bonus participation only to the traditional kind of bonus commodity, but they are receiving their entitlement funds and whatever mode of participation they entered, and the study is proceeding.

We have had our AMS inspectors around looking at the quality of the foods purchased and this kind of thing. The study is well on track.

Mr. GUNDERSON. Is the cash-in-lieu-of-commodity program going to continue? Or is there a projected termination?

Ms. JARRATT. There is a set expiration date, but we are giving consideration to whether or not we should extend the study for 1 year and that is because there was so much discussion about whether we really impacted the methodology when we switched the cash and letter of credit sites from their bonus participation back to the real bonus vehicle.

So we may be coming to the Congress and saying, we think we need to extend that study for an additional year.

Mr. GUNDERSON. When would you be making recommendations, based on that study, as to a possible more widespread option for that type of program?

Ms. JARRATT. Very shortly. We are reviewing the decision whether to extend it right now. The report is due in December 1984 to the Congress.

Mr. GUNDERSON. December of 1984.

Ms. JARRATT. Yes.

Mr. GUNDERSON. It is a long way away.

OK, thank you very much.

Ms. JARRATT. Thank you.

Chairman PERKINS. Mr. Packard.

Mr. PACKARD. I have no questions, Mr. Chairman.

Chairman PERKINS. Let me congratulate you for your testimony especially. You have been before the committee, I do not know how many times, but you have defended the program more today than I have ever heard you defend the program before.

I want to congratulate you for that. I do not think that we should forget about these millions of people that lost out on the

lunch program because of Gramm-Latta II. I notice you making the claims of 177,000 additional youngsters for this year and last year partially. That is all well and good, but we are going to counterclaim just a little, the committee here, for some of the results by taking on some additional youngsters because we have done our good-level best to keep these funds from being cut and to increase the funding of all these programs.

If you will go along with some increases, you will see some great gains, even the lunch program, if it was just five cents lower for the middle-income students, and take all this dead wood off the backs of the free and reduced lunch students, and looking at that chart over there, you say how the lunch program has been a success. You furnish all the ingredients and critical of the breakfast programs, you can put everything in that chart to make the breakfast program a success as much so as these lunch programs. It is all in your hands.

Why do you not take a good look at this breakfast program, make some changes down there and then the next time you come up here, bring us a chart showing good results. It will show good results if you just develop the right type of information in your department. To prove that, all you have got to do is look at what you have developed on the lunch program and what you say is the result.

But nevertheless, we hope you will work with us in the future to increase the funding for these programs. I do not want to see these programs go down anywhere along the line. We have had the best programs in the world and none of us want to see that breakfast program destroyed.

Thank you all for attending, you have been very helpful. We appreciate your attendance.

Ms. JARRATT. Thank you, Mr. Chairman, it was a pleasure to be here.

Chairman PERKINS. All right, the other panel will come around. We are delighted to welcome you all this morning.

We have got Gene White, legislative chairman of the American School Food Service Association; accompanied by Paul James, Columbus, Ohio; Helen Blank, Director of Child Care and Family Support Services, Children's Defense Fund; and Edward Cooney, Staff Attorney, Food Research Action Center.

Go ahead, Ms. White, identify yourself for the record. We are delighted to have you here.

STATEMENT OF GENE WHITE, LEGISLATIVE CHAIRMAN, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Ms. WHITE. Thank you, Mr. Chairman, members of the committee. My name is Gene White, chairman of the Legislation and Public Policy Committee of American——

Chairman PERKINS. We are glad to welcome you back here again, Gene, you have been here before several times.

Ms. WHITE. Thank you, it is my privilege.

As you know, I am also the director of child nutrition programs for the State of California. With me today is Mr. Paul James, direc-

tor of food services in Columbus, Ohio, and a participant in the USDA verification study.

We are very pleased to have this opportunity to share our thoughts with you today and particularly since, for the first time, we can begin to talk about restoring funds to the child nutrition programs.

The budget passed by the House assumed an increase of $200 million for child nutrition. ASFSA believes that this action is necessary in order to help restore the nutritional integrity of child nutrition programs. The $1.5 billion in child nutrition budget cuts enacted during the 97th Congress have resulted in significant negative consequences for the national child nutrition programs.

The recently enacted budget cuts resulted in some 3 million children being forced from the national school lunch program. I think a comment was made earlier regarding why children do not participate in the school lunch program. The national evaluation study that was referenced earlier this morning states that the biggest single detriment is the cost of the meal. As the costs increase, children do drop out. That is well documented now in the national study.

A third of these drop-out children, or approximately 1 million, had formerly received free or reduced price lunches. A recent ASFSA survey of selected metropolitan areas shows a very dramatic decline in the reduced price lunch participation.

I will not take time to read through the data except to highlight a few examples: Oakland, Calif., has a decline of 29 percent in reduced price meals; Des Moines, Iowa, 23 percent; Austin, Tex., 26 percent; Seattle, Wash., 43 percent. We are concerned about this.

For these reasons, then, we believe the highest priority should be to lower the cost of the reduced price meals. We would lower the price of the 40-cent reduced price lunch by at least 15 cents so that the maximum charge would then be 25 cents.

We also urge the committee to return the eligibility guidelines for reduced price meals back to 195 percent of the poverty line, with the standard deduction.

The free lunch guidelines should be set at 125 percent of the poverty line plus the standard deduction. Earlier, reference was made to the quality of the breakfast program.

Mr. Chairman, we do believe it is a very important program. There may be quality problems simply because there is not adequate money to provide a protein component in that meal pattern. If money can be found, we would certainly hope that that could be provided in the breakfast pattern.

Now there are two specific additional suggestions we would like to make to the committee that would, for a relatively small cost, provide great benefit to the child nutrition programs. Now, you remember that the first I made was to lower the cost, the selling price, of the reduced price meal. Our next proposal would be in the area of nutrition education and training.

This is a program that is clearly targeted to increase the quality of the meals by training school food service personnel, by working with students so that they understand the meaning of good nutrition and make wise selections. But the administration has proposed to eliminate the program again this year. It would be terminated.

The association, then, opposes termination of NET, as we have done each year, and supports the original concept of providing to the States 50 cents per child per year for the purpose of nutrition education on an ongoing basis.

That proposal would actually cost over $20 million, so we are recommending a more modest approach, and that would be to provide a minimum guarantee of 25 cents a child, half of the original funding, and in so doing, cost the Federal Government about $11 million.

We think that is a very important investment in the program. As you know, a nutrition education and training program enhances the basic purpose of child nutrition programs. We are disturbed by the very recent trend away from the initial policy of the problem which was to safeguard the nutritional health of all children. Instead, we see that child nutrition may be considered as welfare as an income-supplement program, which we feel would be unfortunate.

It is interesting that the national evaluation of the school nutrition programs, which was recently published by USDA, makes the following quotation: "Both the school lunch and breakfast programs function more as food supplementation than as income supplementation programs."

We, then, believe that a strong nutrition education component will bolster the historic purpose of the program and help to underscore the fact that the Congress does not intend the school lunch program to function as a welfare program.

Our next recommendation for restoring funds is in the area of commodity distribution. The USDA commodity distribution program has undergone significant review and analysis in recent years, in part due to the oversight hearings held by this committee.

The commodity distribution program, combined with the bonus commodity distribution program, is an important part of Federal support for child nutrition. One of the shortcomings of the program, however, is that there is not sufficient Federal funds available to pay for the distribution of the commodities from the State levels to the local schools.

Consequently, over 50 percent of the States are charging local schools various amounts for the distribution of commodities. This charge is assessed for both the entitlement and the bonus commodities. These unregulated State charges tend to undermine support for the commodity distribution program.

H.R. 1513, which this committee recently reported out, sets an important precedent with regard to the commodity distribution program, and particularly the bonus commodity program. It provided Federal funds for the first time for the distribution of USDA commodities. The precedent should be extended, of course, to the entitlement commodities as well. We therefore request that the committee provide the States with an amount equal to not less than 5 percent of the value of the entitlement commodities donated by the Department of Agriculture and that these funds then be used for the transportation and the storage of these commodities. The cost of such a provision would be approximately $22 million.

The next section of my testimony is going to be shared by Mr. James from Columbus, Ohio. Before he speaks, I would like to give just a very brief overview.

The major city section of American School Food Service Association met in Chicago on May 21 and at that time, they thoroughly reviewed the interim regulations for determining eligibility for free and reduced price meals and milk, which is the verification of eligibility that has been discussed at length already this morning.

These regulations were published in the Federal Register on March 25. As part of the in-depth review of the major city food directors, which number about 283 major city food directors, four of the major cities who were participating in the pilot study made reports. Mr. James is going to speak about his experiences with the verification pilot study in Columbus, Ohio.

Before he gives his information, Mr. Chairman, I think it is important to make a very general statement about our position on verification. I want to make it clear that we fully support accountability. By 'we,' I am speaking about both the American School Food Service and the State of California.

I want to make clear that we are not testifying against verification, per se. The question before us, then, is one of process and of cost. So in presenting this information, we are asking the Department to proceed slowly in a prudent and cost-effective manner and in a manner consistent with the basic underlying purpose, goals and structure of our child nutrition programs.

Mr. James will now report the official statement of the association regarding verification and also highlight some of his experiences.

STATEMENT OF PAUL JAMES, DIRECTOR OF FOOD SERVICES, COLUMBUS, OHIO

Mr. JAMES. Mr. Chairman, our well-documented experiences indicate major problems with implementing the verification regulations. These problems include the following: First, excessive, unfunded costs; second, increased administrative burden; third, inadequate time lines for implementation; fourth, deterrent to positive community support for child nutrition programs; and fifth, findings which indicate the number of discrepancies do not justify verification costs.

It is difficult for the association to understand why the Department would go forward with the nationwide program at a time it is investing $1.5 million in a pilot program to determine whether or not a national verification program is justified, and if so, how it should be structured.

Information from all school food authorities participating in the verification pilot project is currently being collected and evaluated by applied management sciences under contract to USDA. We believe it would be prudent for USDA to withhold implementation of the verification regulation until the complete findings of the pilot project can be evaluated and incorporated into the design of the regulations.

In fact, Mr. Chairman, we believe it is imperative that this be done. Further, we surely question whether these concerns can ade-

quately be administered simply by transferring verification to food stamp offices, as has been proposed by the administration.

Public Law 97-35, section 803, provides the Secretary with discretionary authority for implementing eligibility verification. It does not require the Secretary to do so.

Based upon this statutory provision, the urgent concerns expressed by the major city school food authorities, we request that: First, the USDA suspend implementation of the interim verification regulations until the findings from the pilot project have been evaluated and incorporated into the design of the regulations; and second, the American School Food Service Association representatives be provided an opportunity to participate in the evaluation of the pilot project data.

If I may, I would like to share with you some of our experiences in Columbus, Ohio, as we particiapted in the verification pilot project. We are working with three different demonstrations. We are having the building principals do the verification at the local schools.

The first procedure was the telephone conference. The principal was required to read a statement to the parent, asking them the ages of the people in the household above age 15; also asking them for the income of everyone in the household above age 15.

We found, with our data, that the telephone conference was the least effective in determining error and misrepresentation, but it required much less time. To give you an idea, a total of 531 applications were verified with 86 percent unchanged and only 2.8 percent were terminated, and these were terminated because the parent did not respond. We had no way of contacting them.

None of the terminations were over income. The cost of doing this, however, per application, the best we can figure, is about $11.88.

The second approach or demonstration was the documentation after eligibility. This required the parent to submit some kind of written documentation, such as a wage stub, a pay envelope, a letter from an employer, welfare cards, social security benefits, alimony and so on. This process was found to be burdensome, time consuming and required about 1.5 hours per application to approve.

Part of this was due to the fact that we were verifying income from a previous month, rather than the current month. This had a cost factor of $19.83 per application being verified.

It is necessary to contact homes on several occasions with this process and it did not completely eliminate inaccurate reporting because you would accept what the parent sent you. If you had one income in a home, they may send you a wage stub for only one of the parents.

To give you an idea on this, the process showed that 66 percent were unchanged and 20 percent were terminated because the parent did not respond to the school. Only six applications, or 1 percent, were terminated because of over income.

The third approach was the third-party verfication where the parent had the choice of giving you and supplying the school a pay stub, or they could supply us with a release form for the Welfare Department.

We found this probably the most accurate way of determining, however, it was the most time consuming as well. 71 percent of the people or applications were unchanged; 13 percent were terminated because of no response; and again, 2.5 percent were terminated for over income.

The cost of this was $22.76 per application to verify. A total of 18 people were terminated out of 1,538 applications verified because of over income and inaccurate reporting. We have not done any studies to find out why parents did not respond to the questions at the time.

With this, I would like to turn it back to Gene White.

Ms. WHITE. By way of brief summary, Mr. Chairman, the American School Food Service Association would certainly like to commend this committee for the bipartisan leadership it has shown in all areas of child nutrition. We would also like to commend the House of Representatives for recognizing that money must be restored to the child nutrition programs if they are to continue their important mission of protecting the health and well-being of the Nation's children.

We recommend that the majority of the funds restored by the House be used to lower the cost of reduced price school meal and to expand the eligibility guidelines for free and reduced priced meals.

We would also use a small amount, approximately $33 million, to meet other urgent needs which we believe would strengthen the child nutrition programs, namely, nutrition education and commodity distribution.

Mr. Chairman, if I might be permitted a personal comment, it is our understanding that a member of your committee staff, Beattie Clay, will be leaving soon. Throughout the years, we have come to know and love her, and greatly respect her keen mind. So we would like to publicly express our appreciation to her for her dedicated support of child nutrition and her invaluable assistance to American School Food Service Association. We are going to miss her.

Thank you.

[Prepared statement of Gene White follows:]

PREPARED STATEMENT OF GENE WHITE, THE AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Mr. Chairman, Mr. Goodling, members of the Committee, my name is Gene White, Chairman of the Legislation and Legislative Policy Committee of the American School Food Service Association. I am also the Director of Child Nutrition for the State of California. With me today is Mr. Paul James, Director of Food Services in Columbus, Ohio and a participant in the USDA verification study.

We are very pleased to have this opportunity to share our thoughts with you on where to restore funds in the child nutrition programs. The budget passed by the House assumed an increase of $200 million for child nutrition. ASFSA believes that this action is necessary in order to help restore the nutritional integrity of the child nutrition programs.

The $1.5 billion in child nutrition budget cuts, enacted during the 97th Congress, have resulted in significant negative consequences for the National child nutrition programs. The recently enacted budget cuts resulted in some 3 million children being forced from the National School Lunch program. A third of these children, or 1 million children, had formerly received free or reduced price lunches. A recent ASFSA survey of selected metropolitan areas shows the dramatic decline in reduced price lunch participation.

REDUCED PRICE LUNCH PARTICIPATION

School district	1980	1982	Percent decline
Jefferson County Birmingham, Ala	2,881	2,250	21
Oakland, Calif	1,828	1,284	29
Denver, Colo	2,682	2,435	09
West Hartford, Conn	290	168	42
Des Moines, Iowa	1,550	1,190	23
Omaha, Nebr	3,730	2,754	35
Austin, Tex	4,530	3,308	26
Fairfax, Va	1,898	1,450	23
Seattle, Wash	2,553	1,439	43

The highest priority should be therefor to lower the cost of reduced price school meals. We would lower the price of a 40 cent reduced-price lunch by at least 15 cents, so that the charge would be a maximum of 25 cents. We also urge the Committee to return the eligibility guidelines for reduced price meals back to 195 percent of the poverty line with a standard deduction. The free lunch guidelines should be set at 125% of the poverty line plus a standard deduction.

There are two additional suggestions we would like to make to the Committee that would for a relatively small cost provide great benefit to the child nutrition programs.

NUTRITION EDUCATION AND TRAINING

The Administration has proposed that the Nutrition Education and Training program (NET) be terminated. The Association opposes termination of NET and supports the original concept of providing to the states 50 cents per child, per year for the purpose of nutrition education on an ongoing basis. As this would cost over $20 million, however, the Association recommends that the Committee provide a minimum guarantee of 25 cents for each child enrolled in school so as to allow the States to conduct a nutrition education program. This would cost approximately $11 million.

A nutrition education and training component enhances the basic purpose for the child nutrition programs. We are very disturbed, Mr. Chairman, by the recent trend from the initial policy of the program, which was to safeguard the nutritional health of all children. Instead we seem to be treating child nutrition as an income supplementation or welfare program. It is interesting that the National Evaluation of School Nutrition Programs recently published by the Department of Agriculture concludes, "Both the school lunch and breakfast programs function more as food supplementation than as income supplementation programs." A strong nutrition education component bolsters the historical purposes of the program, and helps to underscore the fact that the Congress does not intend the school lunch program to function as a welfare program. (See Attachment A.)

COMMODITY DISTRIBUTION

The USDA commodity distribution program has undergone significant review and analysis in recent years, in part due to the oversight hearings held by this Committee. The Commodity Distribution program, combined with the Bonus Commodity Distribution Program, is an important part of Federal support for child nutrition. One of the shortcomings of the program, however, is that there is not sufficient federal funds available to pay for the distribution of the commodities from the State level to local schools. Consequently, over 50 percent of the States are charging local schools various charges for the distribution of commodities, both entitlement and bonus commodities. These unregulated State charges undermine support for the commodity distribution program.

H.R. 1513, which this Committee recently reported out, set an important precedent with regard to the Bonus Commodity Program. It provided Federal funds for the first time for the distribution of USDA commodities. The precedent should be extended to the entitlement commodities. We therefore request the Committee to provide states with an amount equal to not less than 5 percent of the value of the entitlement commodities donated by the Department of Agriculture for the trans-

portation and storage of those commodities. The cost of such a provision would be approximately $22 million. (See Attachment B.)

VERIFICATION OF ELIGIBILITY

The Major Cities Section of the American School Food Service Association met in Chicago on May 21 and, at that time, thoroughly reviewed the interim regulations for "Determining Eligibility for Free and Reduced Price Meals and Milk: Verification of Eligibility," published in the Federal Register on March 25, 1983.

As part of this in-depth review, four major city school food authorities which are participating in the U.S.D.A. verification pilot project reported on their experience with the required verifications procedures. Their well-documented experiences indicate major problems with implementing the verification regulations. These problems include the following:

1. Excessive, unfunded cost
2. Increased administrative burden
3. Inadequate timelines for implementation
4. Deterrent to positive community support for child nutrition programs
5. Findings which indicate the number of discrepancies do not justify verification costs.

It is difficult for the Association to understand why the Department would go forward with a nation-wide program at the same time it is investing $1.5 million in a pilot project to determine whether or not a national verification program is justified, and if so, how it should be structured.

Information from all school food authorities participating in the verification pilot project is currently being collected and evaluated by Applied Management Sciences under contract to U.S.D.A.

We believe it would be prudent for U.S.D.A. to withhold implementation of verification regulations until the complete findings of the pilot project can be evaluated and incorporated into the design of the regulations. In fact, Mr. Chairman, we believe it is imperative that this be done. Further, we seriously question whether these concerns can be adequately administered simply by transferring verification to Food Stamp Offices, as has been proposed by the Administration.

Public Law 97-35, Sec. 803, provides the Secretary with discretionary authority for implementing eligibility verification. It does not require the Secretary to do so. Based upon this statutory provision and the urgent concerns expressed by the Major City School Food Authorities, we request that:

1. U.S.D.A. suspend implementation of the interim verification regulations until findings from the pilot project can be evaluated and incorporated into the design of the regulations: and
2. American School Food Service Association representatives be provided an opportunity to participate in the evaluation of the pilot project data.

SUMMARY AND CONCLUSION

The American School Food Service Association would like to commend this Committee for the bipartisan leadership it has shown in the area of child nutrition. We would also like to commend the House of Representatives for recognizing that money must be restored to the Child Nutrition Programs if they are to continue their mission of protecting the health and well-being of the nation's children.

We recommend that the majority of the funds restored by the House be used to lower the cost of reduced price school meals and to expand the eligibility guidelines for free and reduced price meals. We would use a small amount, approximately $33 million, to meet two other urgent needs which we believe will strengthen the child nutrition programs, namely nutrition education and commodity distribution.

ATTACHMENT A—PROPOSED AMENDMENT

Section 19(j) of the Child Nutrition Act of 1966 is amended by—

1. Redesignating subsection 19(j)(3) and 19(j)(4).
2. Inserting a new subsection (3) as follows: "(3) For each fiscal year beginning October 1, 1983, grants to the States for the conduct of nutrition education and information programs shall be a minimum of 25 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than $75,000.00 per year."

Cost: $11 million.

ATTACHMENT B—PROPOSED AMENDMENT

Section 6 of the National School Lunch Act is hereby amended by—

1. Adding a "(1)" after Section 6(e).

2. Adding a new subsection 6(e)(2) as follows: "(2) Each fiscal year the Secretary shall make available to the States for the transportation and storage of commodities an amount equal to not less than 5 percent of the value of the foods donated pursuant to this section. The States may not charge recipient agencies for the distribution of commodities [illegible]mount that is in excess of the State's direct cost of transporting the commodities to recipient agencies minus the amount provided by the Secretary to the States under under this Section."

Cost: $22 million.

Chairman PERKINS. Ms. Blank, go ahead. Identify yourself for the record.

Ms. BLANK. Mr. Chairman, if you do not mind, Ed Cooney would like to testify first. He has a number of comments that he would like to share about Ms. Jarratt's testimony. So I am going to give him the floor first.

Chairman PERKINS. Go right ahead.

STATEMENT OF EDWARD COONEY, STAFF ATTORNEY, FOOD RESEARCH ACTION CENTER

Mr. COONEY. Thank you, Mr. Chairman. I have a statement for the record, but I do have some general comments.

We do seem to have a conflict here between the purpose of this hearing, which is on program restoration. The House budget resolution does contain $200 million for child nutrition, and the Senate, in a rare display of bipartisanship, also passed a budget incorporating $85 million for child nutrition support.

Both the House and the Senate have rejected all of the administration's proposed cuts, yet Senator Helms has introduced S. 1209 which cuts over $300 million in child nutrition benefits and it is my understanding that a similar bill may be introduced in this committee.

So we do have a conflict of attitude and concern. A couple of facts, though, are well known. One is that the purpose of these child nutrition programs is to safeguard the Nation's health and nutrition for its children.

We also know that 3 million children are no longer participating in the school lunch program, and 500,000 children are no longer participating in the school breakfast program. We know this because these are USDA statistics. They do mention that there is a slight increase in school lunch participation. They fail to mention that there are 3 million children missing from the program.

This increase in participation is largely due to the fine efforts of local school lunch directors in going out there and talking with people about their program. I will concede that it is difficult, particularly for new members of the committee, to sort of weigh information that varying groups give you. You get reports from the General Accounting Office, the Inspector General, USDA, White House, sources and advocates say, "E: None of the above." They are all wrong, or at least morally offensive.

I would like to share with you, though, one thought that another witness had earlier this year, Jean Mayer. He indicated that the real test of the nation's quality is not one of what it does for its hungry, its poor, its less fortunate citizens when the economy is ex-

panding and well, but how does it respond when things are going badly.

In Cleveland, there are 16 food distribution centers. They served 17,000 people in June of 1982. In December of that year, the number was 48,000.

In Boston City Hospital, a team of physicians found that 14.4 percent of the children under five surveyed for heights and weights, the normal measurements, were in the lowest fifth percentile growth. That is three times the expected finding.

What do we have as a response from the administration? Deputy Secretary Lyng recently at a Food Marketing Institute conference said, "Hunger has substantially been eliminated in America." I am pleased that the staff has located an error in Mr. Bode's testimony that it is not a goal of USDA to eliminate eligible children. You can imagine my surprise in reading that testimony when—this is a charge that we have made—that USDA uses verification regulations to get rid of eligible children.

You can imagine my surprise when I see it in their official testimony. I am glad that it was pointed out as an error.

Also, on school verification, we were led to believe, and Mr. Packard asked some questions about this, the information that USDA released on the Inspector General's report from 1981. We were told, that is secure. You can go to bed on that information, take it to the bank. We have heard the gentleman from Ohio's comment and some problems that USDA has in terms of figures.

Quoting from the Los Angeles Times editorial of April 1, 1983: "A Direct Response to the Credibility of This Information on Verification." The study referred to that turned up a level of misrepresentation was in itself loaded with inaccuracies. A direct quote: "The study violated every accepted auditing procedure."

This study was done under the Carter administration. The staff at that time filed an official report, a rebuttal to this information, which is included in that, and it showed that in five of every six cases, the auditors themselves had made enough mistakes so that it is impossible to tell whether cheating was involved or not.

What are we talking about here? If you qualify for reduced price meal and you eat that meal every day, and you actually get it for free, you do not pay the 40 cents; in other words, you have underreported your income so you are getting a free meal and you should be paying 40 cents a day for that; if you total that out times 180 days, it is $72.

So the administration would like us to believe that, based on these reports, that thousands of children and their parents are saving up all of their energy to defraud the Government for potentially $72 on a reduced price meal.

In terms of school breakfast, the Systems Development Corp. study indicated and recommended that USDA take a look at the meal pattern changes. There is no protein requirement or reimbursement for protein in the school breakfast program other than milk. So it is not surprising that the meal pattern would come out lacking in protein.

The answer should not be let us take, in a program which is admittedly inferior because of the lack of protein, and then give kids a carton of milk. I happen to think that milk is terrific and milk-

related nutrients are great, but you should be expanding the school breakfast program, as you outlined so eloquently, Mr. Chairman.

The 6-month freeze was mentioned as an issue. I would just like to point out that that is $66 million. What happens is not the same in rural areas as what happens in cities. A big-city school lunch director for 6 months will lose 6 cents a meal. That is a significant amount of money. That is 5-percent inflation times $1.20, which is, you know, the combined reimbursement.

If you have a school that is largely students that are not needy, you would lose one cent a meal. It is a big difference and it would be a real blow to big-city lunch directors. It is not a small item.

On the issue of quality in school lunches, sure, there is a lot to be done on quality. School lunches are very good in most places, and in some places, apparently, particularly in Wisconsin, there are some problems. The answer is education. Also money. It is not irrelevant. If you produce a high-quality, low-cost meal, kids will eat it, and they have eaten it in this country because of the school lunch program.

But you have to do both. You have to be able to pay for quality, as well as producing it. We would just add our support—in conclusion, we would add our support for the House budget assumptions. We feel that you should go back to the 1981 eligibility levels; that will cost you $150 million. We feel that you should reduce or lower the price in lunch and breakfast from 40 cents to 20 cents for lunch and from 30 cents to 15 cents at breakfast. We would also join our support with Helen Blank in asking for changes in the child care food program and we would also like you to take a look at the summer food program, restoring partial eligibility to private, nonprofit sponsors that serve less than 2,000 children, no more than 20 sites because there are 500,000 children that got dropped from this program because private nonprofits were knocked out.

We would also like you to take a look at the school breakfast program and continue the severe needs rate in those States like Texas, New York, Maryland, West Virginia, Tennessee, and Michigan, which have State laws requiring people to have breakfast. Essentially, you are providing an extra 10 cents a meal there because of the high concentration of low-income children. In July 1984, that provision is no longer in effect. We would like you to keep it in effect.

We also support ASFSA's position on NET and so forth. We realize that we have just requested $600 million and maximally you have $200 million available to you. In light of that, we urge the committee to find whatever money they can, and in lieu of any lack of ability to find that money, we urge you to support new legislation as part of H.R. 7 when these programs come up for reauthorization next year.

One final issue on shortfall, on child nutrition programs, I will leave to Ms. Blank, and it is just a problem that you faced last year. You are going to face it again this year, the $300 million is not there. You and Mr. Goodling need to deal with that.

We also need to get the 200 million. The Senate thinks that it is 85 million. We need to go and get the 200.

Thank you.

[Prepared Statement of Edward Cooney follows:]

PREPARED STATEMENT OF EDWARD M. COONEY, STAFF ATTORNEY, FOOD RESEARCH AND ACTION CENTER

Mr. Chairman. Thank you for the opportunity to present this testimony before this distinguished Committee. I am a staff attorney at the Food Research and Action Center, a public interest law firm and nutrition advocacy center. I specialize in child nutrition issues, policies and programs. The primary mission of the Food Research and Action Center is to provide information to individuals and organizations which seek to improve the nutrition and health status of low-income Americans. One of the principal groups we deal with is the Child Nutrition Forum and its unique steering committee. The steering committee consists of representatives of unions, school food service, religious groups, elected officials, consumer and nutrition advocacy, education, private industry and farm groups. The Forum provides a platform from which organizations with widely divergent purposes and interests can express in a unified voice their support for effective and adequately funded federal nutrition programs for children. In my testimony, I will highlight various program restorations which are of concern to members of the steering committee.

Mr. Chairman, the Administration recently introduced legislation which would terminate certain federal child nutrition programs and reduce overall funding for child nutrition programs by $400 million. The House and Senate have both passed Budget Resolutions which specifically reject the Administration's proposals and indeed have restored critical funding to child nutrition programs. Congress and the Administration apparently view the nation and its people from remarkably different perspectives. Can it be that the facts about the nutrition and health status of American children is merely a difference in view that the "glass is half empty or the glass is half full"? We think not.

WHAT ARE THE FACTS?

It is a fact that Congress has declared that the school lunch and breakfast programs are designed to "safeguard the nutrition and health of our nation's children." It is also a fact that budget cuts in these programs have resulted in 3 million fewer children participating in school lunch and nearly 500,000 fewer children participating in the school breakfast program. What is the significance of these two facts and what do they tell us about ourselves and the goals our country should pursue?

Dr. Jean Mayer, President of Tufts University, in recent testimony before this Committee, gave us some sage advice when he stated: "I know that in the past decade the country has experienced increasingly difficult economic times and that it is vital that our economy be put on a sound footing for the future. But the real test of a nation's quality is not what it does for a hungry, its poor, its less fortunate citizens when the economy is expanding and all is well, but how it responds when things are going badly." Mayer also spoke of the cheese lines, the new soup kitchens and the growing awareness of a return of hunger to the earth's most prosperous land. As Dr. Mayer pointed out: "the evidence (of growing hunger) is around us. Only the blind or stone-hearted could fail to see it."

At Boston City Hospital, a team of physicians found that 14.4 percent of the children under 5 surveyed for heights and weights were in the lowest 5th percentile of growth. This is three times the normal rate. In Cleveland, the 16 food distribution centers operated by the Greater Cleveland Interchurch Council assisted 17,000 people in June of 1982, 25,000 in October, 35,000 in November and 48,000 people in December. And what is the response of the Administration? On April 18, 1983, Deputy Secretary Richard Lyng stated at a Food Marketing Institute conference that "Hunger has been substantially eliminated in America". On April 11, 1983 John W. Bode, Deputy Assistant Secretary for Food and Consumer Services, in testimony before the Senate Agriculture Committee proudly proclaimed that one step that the Administration has taken to curb the rate of expenditure in child nutrition programs has been to see that "fewer eligible children are receiving benefits as family income verification increases". Imagine, a goal of denying benefits to eligible children not through legislation by Congress, but through the USDA controlled regulatory process.

WHAT SHOULD BE DONE?

The first important step is to ensure that the House Budget Committee provisions on child nutrition are accepted in the Budget Committee Conference. This will require a bipartisan effort by you Mr. Chairman and Rep. Goodling. It is essential that the $200 million House figure emerge from Conference since it will cost a minimum of $150 million to restore free and reduced-price income eligibility to 1981

levels. In a recent survey of State Directors of Child Nutrition, 31 of the 42 directors stated that changes in income eligibility levels were a major factor in children dropping out of the school meals programs. The House Budget Resolution "assumes" that eligibility will be restored to 1981 levels. This provision is seen as benefitting the largest number of low income children and nearly all child nutrition programs. It is supported by all members of the Child Nutrition Forum steering committee. The House Budget also "assumes" that reduced-price lunches would be lowered from 40 cents to 20 cents and that reduced price breakfast would be lowered from 30 cents to 15 cents. It would cost approximately $50 million for this restoration and also would be supported by the steering committee. Therefore, we urge the committee to restore free and reduced-price income eligibility levels that existed in 1981 for school lunch, school breakfast and child care centers participating in the Child Care Food Program. Free meal eligibility is currently tied to food stamp eligibility which is 130 percent of poverty or $12,090 for a family of four; reduced price eligibility is currently set at 185 percent of poverty or $17,210 for a family of four. Under this proposal, free meal eligibility would be set at 125 percent of poverty plus an $85 indexed monthly standard deduction (or $12,650 under current law); reduced price eligibility would be set at 195 percent of poverty plus an $85 indexed monthly standard deduction (or $19,160 under current law). This provision would make it possible to provide benefits to many of the 3 million children who no longer participate in the National School Lunch Program and the 500,000 children who no longer participate in the School Breakfast Program.

We also urge that the Committee restore reduced-price meal reimbursement in school lunch. The fiscal year 1982 budget cuts raised the charge to the reduced price student from 20 cents to 40 cents per meal. According to a recent survey by the American School Food Service Association, participation in reduced price meals dropped 35 percent in Omaha, Nebraska, 26 percent in Columbus, Ohio, and 43 percent in Seattle, Washington, between 1980–1982 school year.

There are several other vital restorations which need immediate action. I recognize that the first two budget assumptions consume the entire $200 million but I feel it is important that these concerns be brought to the attention of the Committee. If the Committee is unable to fund these priority concerns this year then I suggest that when H.R. 7 (the bill reauthorizing five child nutrition programs) is brought before the Committee that these issues be addressed either in H.R. 7 or a substitute bill.

I would urge the Committee to restore eligibility for operating the Summer Food Program to private nonprofit sponsors who serve daily up to 2,000 children at up to 20 sites. This provision would allow church groups and boys and girls clubs to continue the school lunch program during the summer. This approach will allow small private nonprofit sponsors to meet the needs of the 500,000 low-income children not served by the program the last two summers because no eligible sponsor was available to serve their needs. It would cost $50 million to implement this recommendation. Let me give you an example of the impact of this change. In the summer of 1980, a small rural community action agency in Northeastern Connecticut provided nearly 2,000 self-prepared lunches to low-income children in 22 towns over a 750 square mile area. Children were exposed to new foods and new ideas through creative menu planning and nutrition education. As a result of the FY 82 budget reconciliation instruction eliminating private non-profit agencies as sponsors, no child in Northeastern Connecticut will receive a summer lunch this year. It is not because town officials are cruel and heartless; it's simply a matter of logistics and money. The CAP agency could serve the entire area making the program economically viable, but an individual town can not perform this service.

We would urge the Committee to fully restore the higher rate of reimbursement to schools which have a significant concentration of low income students. This would include automatic entitlement for the higher "severe need rate of reimbursement" for a school which is required by state law to institute a breakfast program. I would guess that as many as 3,000 schools nationwide or 10 percent of all schools in the program may have to drop out once the lower reimbursement for "serve need" schools goes into effect (in July 1984). Currently the states of Texas, New York, Michigan, West Virginia, Maryland and Tennessee have state legislation requiring initiation of school breakfast programs for needy children. In Texas where 86 percent of the participating children in school breakfast are needy it is estimated that 2,000 will no longer receive the higher severe need rate of the reimbursement once this FY 82 becomes effective. (This recommendation for restoration would cost approximately $8–10 million.)

We would also support a $5 million increase in the Nutrition Education and Training program so that each state education agency could have one full-time NET coordinator.

There are also numerous changes in legislation in the WIC program, Special Milk, School Lunch and Breakfast, Child Care Food Program and Summer Food Program which this Committee should address, if not by restoring funds now, then through providing new funding when child nutrition programs are reauthorized next year. I look forward to working with the Committee on these issues.

Chairman PERKINS. Ms. Blank.

STATEMENT OF HELEN BLANK, DIRECTOR, CHILD CARE AND FAMILY SUPPORT SERVICES, CHILDREN'S DEFENSE FUND

Ms. BLANK. Thank you.

I would like to have inserted in the record, along with my testimony, a summary of a family day-care study conducted by child nutrition directors in the Northeast Region. One thing that I am very concerned about is the administration's attitude toward family day care and its lack of sensitivity to the child-care system in this country.

Child care food programs are very important. Generally when we talk about young children, we tend to focus on WIC, but when children are no longer eligible for WIC, or when they go into a child-care situation, they are still very young children. They are still in a developmental stage and they still need adequate nutrition. The school food programs are very important. But we have millions of children who do not participate in school food programs because they are too young.

There are 8.7 million children under 6 whose mothers are in the labor force. I would like to point out to the committee, go on record, that in this country, the last study that was done on center-based day care showed about 1 million center-based slots. We have millions of children in family day care, family day care is an important part of our child-care system, and I do not think because it is not an institution that it can be taken lightly by the committee as an important source of feeding children.

I would also like to point out that we now have 51 percent of mothers with children under 2 in the labor force. We have 47 percent, almost 48 percent, of mothers with children over the age of 1 in the labor force, and we have 41 percent of mothers with children under one in the labor force. I would like to point out that we have a severe shortage of slots for infant day care in this program.

Center-based care for infants is well under $100 a week. Child development theory says that infants are often better in family day care. Family day care is a growing source of infant care and more infants are needing care. So I think we have to look long and hard at the importance of family day care in the child-care system of this country before we make any radical changes and before we say things like family day care should be eliminated because it is not well targeted.

Speaking of well targeted, and I will insert the whole summary of the study in the record, this Northeast study that looked at several thousand family day-care homes and have 516 respondents looked at 2,038 families—69 percent of these families held blue-collar or unskilled jobs. These are not people who cannot benefit

from the food program—40 percent represented one-parent families.

All of them talked about the influence that child-care food has had in helping them provide better meals through the funds and the increased knowledge of nutrition—52 percent of the providers said that they would have to close or seek outside employment or raise the fees if they did not have child-care food funds—70 percent have increased their use of fruits and vegetables since the program came in.

The Abt study on family day care also shows that it is not true that we do not know how this program works. This program has made an enormous difference to feeding children better.

Let me talk about some of the other changes. Let me say that we are heartened to come back after sharing with you the effects of budget cuts in all child care programs on the delivery system for low-income families and children, and that we really appreciate an opportunity to talk about restorations. We are a little tired of talking about holding the line, having seen in countless communities what these cuts have done, and we commend you for moving ahead now.

We realize that it is impossible to consider this year all of the restorations that we are going to talk about. We agree with Mr. Cooney that we hope you can proceed some this year, find some more money than that $200 million, and go ahead next year in the reauthorization bill and look to more of the add-backs that we would like to talk about.

I think one of the most significant cuts was the cut in the five-meal pattern. We have proposed one transfer of funds that I do not think would make up for the whole pattern. Secretary Weinberger has a private dining room in the Pentagon and every time he or one of his colleagues has lunch, 40 low-income children go without their morning snack of orange juice and milk.

We do not think that the closing of his dining room is going to give us enough money. More than 1 million midmorning snacks could be restored if he ate in one of the other Pentagon dining rooms, but it would give us a little bit for a number of children.

The programs most affected by the cut in the meal pattern, the loss of that snack and dinner, are programs serving working parents who work long hours, parents who need care 10 to 12 hours a day. For those parents, and for those children, the child care food program provides the bulk, if not all. Many centers tell us that these children get all of their food in the child care food program. Not having a dinner and not having that second snack has made a significant difference to these children.

This change is also disproportionately hurt children in family day care. Another reason family day cares are important in the day-care system is because it is flexible. Family day care providers can open earlier than centers; they can stay open later. That means that children in family day care are likely to be in care for longer periods of time.

The recently released Abt evaluation of child-care food showed that because virtually all family day-care programs were serving both a morning and afternoon snack, that the cut to one snack would result in a 15- to 27 percent reduction in reimbursement.

A child-care program in San Francisco describes a situation that is now common; that children in the afternoon are hungry because they do not have a second snack. We think little children eat little meals. This committee has heard that before, and that they should have access to five small meals.

We all see—I have a 5-year-old myself, and I see when children sit at the table what they do. They leave half of their lunches and they come back later. Children in child care should be allowed to come back later.

The elimination of tiering has, from our research, caused a major reduction in child-care food funds. If you remember, Dr. Marian Houk from Annandale was here in March. She talked about a 50 percent reduction in reimbursements affecting 19 centers serving low-income children. Much of this cutback can be attributed to the loss of tiering. Tiering resulted in larger amounts of dollars going to centers serving larger populations of low-income children.

A Kentucky center serving low-income working parents whose incomes fell largely in the reduced price category had their reimbursements cut an average of more than 50 percent. They went from $1,300 to $1,500 to $400 to $500. They now have their director doing the cooking. They have layed off their cook and they are surviving, but only barely.

Another change that has severely hurt family daycare has been the 10-percent reduction in administrative payments. One of the very vital roles that child-care food has played in bringing family daycare programs into contact with umbrella sponsors. They play a vital role in improving the quality of family daycare services. We cannot overlook the role of the child-care food program in child-care generally.

A 4-year nationwide study of urban family day care, also conducted by Abet, concluded that day-care systems, of which family daycare sponsors are a part, should be promoted. That is a sentiment that is shared widely within the child-care community. They play an important role in improving the quality of family daycare. They monitor regulatory compliance; they train care-givers; they provide technical assistance.

We also know that providers who are from sponsored homes, family daycare providers that are connected with an outside sponsor, spend more time and interact more with their children. When Mike Lambert was here from Pittsburgh in March, he pointed out to you the significant role that sponsors play in maintaining the quality of family daycare.

At the same time that sponsors have less resources to support providers from this cut, their contact has become more important. There is a widespread movement in the field away from licensing a family daycare to registration. This change may make sense in light of resources, but it means less contact with family daycare providers.

At the same time, State licensing staff are being cut back. California child advocates are now struggling to maintain licensing for family daycare homes. There used to be a yearly monitoring visit. It has been substituted with a 10 percent random sample.

Training, which is something the child-care food program sponsors do, has been strongly associated with the quality of child care

and more positive and stimulating behavior on the part of care givers. We are very concerned about this overall.

Training funds for child care are rapidly disappearing. We have lost the title XX training program. In our survey of child-care programs, most States provide no training at all. Federal funds for the child development assessment and credentialing program were cut in half in 1982 and are slated to be eliminated by 1985.

Because of these cuts, candidates are going to have to pay a higher fee to be certified and given the very low salaries of child care workers, many will undoubtedly not seek certification and they will not need the necessary training.

If the administration is successful, and we are trying very hard to shortcircuit this, but they are pretty determined to cut Head Start's training and technical assistance funds by 50 percent, very important to a program like Head Start that depends heavily on parents and volunteers.

Child-care programs will suffer because many child-care programs take advantage of Head Start's fine training sessions. Whatever training is offered by umbrella sponsors in the family daycare system through child-care food programs is even more important. It is critically important now.

At the same time sponsors were given increased oversight responsibilities, their adminstrative payments were cut. There are four or five new aspects that they must now audit. That takes time and money.

Another problem for sponsors comes from losing homes that have been forced to terminate the programs. Sponsor costs remain the same, despite the number of homes that are in the program, so they now spend more time and money doing outreach.

One point about training that was raised in the survey from New England that I would like to share with you is a comment by a parent and a provider. I feel as a parent, as well as a provider, that this program has helped.

We have learned a great deal from our agency's training sessions concerning good nutrition. The children in our homes receive well-balanced, nutritious meals. I can't imagine how the Government could think of cutting this program. We think it should be increased.

A small cut that was made that looked small was the elimination of an equipment assistance program, $4 million. What did that mean? It has worked a terrible hardship on centers that don't have the elasticity in their very tight budgets, centers run on a shoestring; 75 percent of the cost of all child care is staff, and staff earn minimal wages at best. They can't pick up the cost of a new dishwasher or a stove.

The director of Providence, R.I.'s Head Start program expressed a sentiment that is shared by many providers running older centers in inner-city areas:

> The loss of equipment money doesn't appear to be a serious issue, but it will be very difficult for us to replace the worn-out equipment. We would recommend the committee look at a provision in the children's survival bill that talks about restoring at least 50 percent of the equipment costs.

Another change that appeared minor has hurt a particular group of older, low-income children. When you limited participation to children under 12, it meant that low-income children enrolled in after-school programs—many of these programs are tutoring programs—can't have a snack or a supper. It meant that teenage mothers in New York and other cities who have dropped out of school but are participating in GED programs that aren't officially accredited but a part of an effort to keep these mothers on the school track, can't have a school lunch. We would hope that we could see that provision changed.

In closing, we remind the committee that the overall cuts in reimbursement levels further eroded the ability of programs to serve children adequately. The program did not cover the full cost of either centers or homes to begin with. Participating centers only got 36 percent of their food costs. Even though the family daycare rate was supposed to be sufficient, the ABT study found it was not and that the average reimbursement only covered 35 percent of food service costs.

We are, as we said in March, very concerned about the future of child care for low-income children. We have been dismayed at the results of the cutbacks. We hear story after story of young children being cared for by themselves or older siblings staying home to care for children.

We see today as an important milestone. Again, we commend the subcommittee for looking at measures to remedy some of the changes that were done by the ill-conceived and hastily wrought 1981 reconciliation bill.

Thank you.

[Prepared statement of Helen Blank follows:]

PREPARED STATEMENT OF HELEN BLANK, DIRECTOR, CHILD CARE AND FAMILY SUPPORT SERVICES, CHILDREN'S DEFENSE FUND

Mr. Chairman, members of the Subcommittee, I am Helen Blank, Director of Child Care and Family Support Services at the Children's Defense Fund. We welcome your support of child nutrition programs evidenced once again by your interest in restorations to these programs. I appreciate the opportunity to testify today on possible addbacks to the Child Care Food Program. The Children's Defense Fund is a national public charity created to provide a long-range and systematic voice on behalf of the nation's children. CDF is organized into four program areas: education, child health, child welfare, and child care and family support services. We address these issues through research, public education, monitoring of federal and state administrative and legislative policies and practices, network building, technical assistance to national, state, and local groups, litigation, community organizing, and formation of specific issue coalition.

Having recently shared the effects of the 1981 reductions in the Child Care Food Program on both child care providers and the children they serve with the Subcommittee, we are heartened by an opportunity to come back to discuss possible restorations.

Each one of the changes made in 1981 including: The reduction in the number of meals from five to three; the elimination of tiering as a method for calculating reimbursements for centers; the decrease in administrative expenses available to umbrella sponsors; the reduction of per meal subsidies; the elimination of the equipment assistance program; the stiffening of eligibility criteria; and the limitation of benefits to children under 12; have diminished the ability of CCFP to serve working families and to meet their children's nutritional needs. Although we realize it is not possible to remedy all the harm done immediately, we would like to highlight the importance of a range of restorations today.

FIVE MEAL PATTERN

One of the most significant cuts affecting the availability of adequate food to children was the loss of both a meal and a snack. Unfortunately, one transfer of funds that CDF has proposed from the Department of Defense to USDA would not be enough to fill the gap created by the loss of the second snack and third meal. Secretary of Defense Weinberger has a private dining room at the Pentagon at which only 100 persons are eligible to dine. It has a staff of 19 and each meal served costs the diner an average of $2.87, the taxpayers an additional $12.06. Each time Secretary Weinberger or one of his colleagues has lunch, 40 low-income children must go without orange juice or milk. More than 1 million mid-morning snacks could be restored if the Secretary and his associates ate in other Pentagon dining rooms, or contracted with a private food company to run his private dining room on a self-sustaining basis.

The programs most affected by the reductions in meals are centers who care for children for 10–12 hours a day and who provide them with the bulk, if not all of the meals, they receive each day. Many of the programs serve large numbers of children from working poor families who travel long distances to work. They have no choice but to leave their children for a longer time in a child care settting. This change also disproportionately hurts children in family day care. Because of the greater flexibility of family day care providers, these children are also likely to be in care for longer periods of time.

The recently released Abt Evaluation of the Child Care Food Program calculated that because virtually all family day care homes were serving both a morning and an afternoon snack that the limitation on reimbursements to one snack would result in a 15 to 27 percent reduction in reimbursement, depending on the number of meals provided.

The Mission Child Care Consortium in San Francisco describes a situation that is now common in child care programs:

"The children enrolled in our program were accustomed to eating two snacks daily that was part of the routine, and it was not easy to tell the children or explain to them that only one snack will be served. Since we faced this problem of one snack, the children have not forgotten as they go hungry for some time between meals."

TIERING

The elimination of tiering has also caused a major reduction in CCFP funds available to child care centers. In March, Dr. Marian Houk told the Subcommittee about a 50 percent reduction in reimbursements affecting 19 subsidized child care centers in Fairfax County. Much of this cutback can be attributed to the loss of tiering. Tiering resulted in larger amounts of dollars going to the centers serving large populations of low-income children. A Kentucky center serving low-income working parents whose incomes fall largely in the reduced price category, had their reimbursements for feeding an average of 30–35 children per day cut from approximately $1,300–$1,500 per month to $400–$500. This is a typical situation. They were forced to lay off their cook and the director now does the cooking. They are surviving but only barely. They evaluate monthly whether they will be able to remain open.

REDUCTION IN ADMINISTRATION PAYMENTS

The ten percent reduction in administrative payments to umbrella sponsors interpreted by USDA to be a minimum amount could have a serious impact on quality of family day care services. Day care systems such as umbrella sponsors play a vital role in improving family day care services. The National Day Care Home Study, a four-year nationwide study of urban family day care also conducted by Abt Associates, concluded that day care systems should be promoted—a sentiment widely shared by the child care community. This study found:

"That day care systems play an important role in promoting quality care by maintaining desirable enrollment levels, monitoring regulatory compliance, training caregivers, providing technical assistance . . . (further) the child benefits from improved nutrition in programs subsidized under the CCFP and from the skilled care of a trained caregiver."

The Day Care Home Study also reported that the regulatory status of homes is related to provider behavior. In the study, family day care homes were classified as (1) sponsored-requiring affiliation with an external administrative agency; (2) regulated—requiring state licenser or regulation; or (3) unregulated—no external control

or scrutiny. Providers from sponsored homes spent significantly more time interacting directly with the children than providers of regulated homes who interacted more with children than providers from unregulated homes.

Michael Lambert, Program Director at Social and Community Services of the Diocese of Pittsburgh similarly stressed the significant role that CCFP plays in maintaining the quality of family day care when he testified before the Subcommittee.

At the same time that sponsors have less resources to support providers, their contact with providers has become even more critical in light of a widespread movement away from licensing of family day care homes to registration. Nearly half the states are considering registration of day care homes. This results in less direct monitoring of providers. At the same time, state licensing staff are being cut back. Earlene Kendall at Vanderbilt University examined state licensing practices for Child Watch (a monitoring project on the effect of budget cuts on children and families sponsored by CDF and the Association of Junior Leagues). Of 49 respondents, 36 reported changes in licensing staff during the past year; 41 indicated changes in workloads. More programs monitored by fewer licensing staff was the most often noted workload change. Changes in workload in several cases included added responsibilities other than day care licensing. Changes also included vacancies due to budget reductions, retirements and resignations without replacement, and a freeze on hiring. These changes entail less if not a total elimination of monitoring visits. California child care advocates are now struggling to maintain licensing for family day care. The state has already substituted a yearly monitoring visit with a ten percent random sample. Oregon now conducts a 15 percent random sample. With other monitoring opportunities disappearing, the services of the umbrella sponsors become an even greater factor in maintaining the quality of family day care.

Training in early childhood education has been strongly associated with more positive and stimulating behavior on the part of caregivers. Sadly, training funds to improve the skills of child care providers are rapidly disappearing. The Title XX Training Program was totally eliminated by OBRA. Federal funds for the child development assessment and credentialing program were cut in half in 1982 and are slated to be completely phased out by 1985. Because of these cuts, CDA candidates will have to pay a substantially higher fee in order to be certified. Given the low salaries of child care workers, many will undoubtedly elect not to seek certification diminishing their incentive to obtain training. If the Administration is successful in its shortsighted proposal to reduce Head Start's training and technical assistance funding by 50 percent, child care programs which have benefited from joint training sessions will suffer. Whatever training offered by umbrella sponsors assumes an even greater significance.

Ironically, sponsors were given increased oversight responsibilities at the same time that their fundings was reduced. For example, they must now audit:

The age of the children claimed (children over 12 are no longer eligible. Since children continue to mature, eligibility by age must be closely monitored each month); the number of meals claimed; income eligibility documentation for the provider's own chilren; the overall licensed capacity of the provider, insuring that no meals over capacity are reimbursed; and an age limit for the number of children under two if regulated by their state.

All of these additional monitoring and over-sight efforts cost sponsors staff time, which directly increased sponsor costs.

Another program stems from losing homes that have been forced to terminate their participation in the program. This creates a stability problem for sponsors, who (like all businesses) have fixed costs related to offering the program. Thus, while the rent remains the same regardless of the number of participating homes, the level of sponsor income declines as homes decide that participation is no longer cost saving due to reduced program benefits. Sponsors can only maintain a steady state by continuously doing outreach and recruiting replacement homes.

EQUIPMENT ASSISTANCE

The total elimination of the Equipment Assistance Program has worked futher hardship on centers who do not have the elasticity in their very tight budgets to pick up the costs of a new dishwasher or stove. The Director of Providence, Rhode Island's Head Start program expresses a sentiment shared by many providers running older centers located in inner city areas:

"The loss of the equipment monies does not appear to be a serious issue but it will be very difficult for us to replace any of our worn out equipment."

We would recommend that the Subcommittee consider the provision in the Children's Survival Bill providing $2 million to restore the Equipment Assistance Program for CCFP.

LIMITING PARTICIPATING TO CHILDREN UNDER AGE 12

Another change that may appear minor has hurt a particular group of older-income children. Limiting benefits to children under age 12 has meant that many poor children are denied a snack or supper in after-school programs. A number of these programs are geared to tutoring children. This limit has also meant that teenage mothers in New York City who have dropped out of school but who are participating in GED programs that are not officially accredited but are a part of an educational effort to keep these young mothers on a school track, cannot have a school lunch.

REIMBURSEMENT LEVELS

In closing, we remind the Subcommittee that the overall cut made in reimbursement levels also further eroded the ability of programs to serve children adequately. The CCFP to begin with, did not cover the full costs of neither centers or homes. Participating centers were reimbursed for 36 percent of their food costs. The family day care rate unlike center based care was supposed to be sufficient to cover costs. However, according to the Abt Study the rates for food service costs are not sufficient to cover both food and labor costs as specified in the legislation. On the average, CCFP reimbursement covered only 35 percent of food service costs in family day care homes. Abt noted that "reduced reimbursement rates will in fact widen the gap between CCFP reimbursements and the family day care provider's cost."

We are as we said in March very concerned about the future of child care for low-income children and have been dismayed at the results of the cutbacks in child care programs affecting children and their familes. We see today as an important milestone and commend the Subcommittee for looking at measures to remedy some of the serious harm done by the ill-conceived and hastily wrought changes in 1981.

Chairman PERKINS. Let me congratulate all of you. I think you witnesses have sized this situation up as well as could be sized up from the standpoint of being interested in all the children in America. It has been excellent testimony, and so clear and convincing, and I hardly see how anyone could disagree with it.

Mr. James, if I understood you correctly a while ago, in all this investigating about income on the applications around Columbus, Ohio, did you say there was only a discrepancy in 18 applications, did I understand you correctly, as to income?

Mr. JAMES. Of those who actually gave us data back to verify, we found 18 people that were over income, yes, sir.

Chairman PERKINS. I think that goes to show that throughout the nation people don't lie about their income. If there is any tendency in the world, it may be on some people to enlarge it a little because they work in so many different jobs and sometimes their income is up during the year and other times it may be down.

I have observed this throughout the years in my area, over here in Fairfax County, Va., when my youngster used to go to school over there—and that is just an accusation here in late years—that there are so few people who would lie about their income to get a free lunch for the child or a reduced price lunch that I just doubt whether it would justify the means of all this extra money and to complicate the whole issue that the administration has talked about in the past around here.

How would you respond to Ms. Jarratt's statement, that 20 percent of free and reduced price applications are incorrect? Do you agree, based on your experience? That, to my way of thinking, is completely out of line. I don't know about her studies, but I would

think her studies are so inaccurate. It is inaccurate in accordance with your study, isn't it?

Mr. JAMES. Yes, sir, I do remind you that some did not respond. For what reason, we do not know, but we did not find that those responding were over income.

Chairman PERKINS. What territory did you cover?

Mr. JAMES. We did 5 percent of the applications on file. We had 1,583 applications that we attempted to verify.

Chairman PERKINS. Do you agree with Ms. Jarratt on that line?

Ms. WHITE. I am recalling the statement that Mr. Cooney gave regarding the quality of the audit that indicated that overclaiming. There does seem to be a question about the quality of the audit that brought out that original statistic.

Chairman PERKINS. Ms. Blank, could you and Mr. Cooney comment on that?

Ms. BLANK. I think I will have Mr. Cooney comment, since we don't follow that as closely.

Mr. COONEY. I will try to be short. I used to get paid by the word.

In terms of this particular study, it is still USDA policy. It was an attachment to the Inspector General's report, the comment that I had, indicating the various errors. I do realize that there is a new administration and a new change of view, but the inaccuracies were so large and they were presented here as totally accurate.

They also used the pilot verification study as a justification for this. I would refer the chairman and the staff to Representative Ford's comments about the preamble to that particular document, which indicated that it was preliminary. In fact, in terms of verification they were not sure whether the verification regulations themselves were in fact presenting a barrier to participation.

You don't have USDA coming in here and saying, boy, we are concerned about outreach, we are concerned about the real needy. They will talk about targeting. They don't send their field staff out to do any outreach or anything like that, but they will tell you about fraud, waste and abuse, their favorite three musketeers

Both of those studies I think are fairly unsafe ground. The reason we emphasize that is that there were two new members of the committee here, and they might walk away and think that the information that USDA gave them was accurate. We disagree with that information. I don't mean to imply that we are always totally right. We think we are, but you have to balance those two out. We find that the Administration doesn't do that. We end up doing their balancing tests.

Chairman PERKINS. Mr. Packard?

Mr. PACKARD. Thank you, Mr. Chairman.

I am not convinced that your studies are more in-depth or any more accurate than theirs, but I am not going to get caught up in that scenario.

I am interested, however, in the comments that were made that you particularly, Ms. White, I think mentioned as you introduced Mr. James, that you are not opposed to the process of verification.

You made a very important point there, that in no way are you speaking against it. Yet, I think that the report does really belie that in that the comments that were made by both are critical of any efforts that are being made to verify.

Rather than being critical of efforts to verify, I would like to know—I didn't see in your testimony any recommendations of setting up a verification system that you feel would be more workable.

I am wondering if you have some recommendations that would be more effective than what you see happening? I have to agree with you that a verification system is in order in almost every kind of governmental program. If we don't have verification, those that normally would not take advantage of a program we invite them to do so. I have to agree that a verification program is very important.

What would you recommend?

Ms. WHITE. Thank you for letting me speak to that point. Again, I want to say that accountability is certainly a goal, and one that we are all, I believe, in each State striving very hard to accomplish.

I think your question addresses the question that we, too, are asking USDA in the sense that we are looking to this study that is being conducted by USDA as giving clear indication on the best process to use to verify and also one that is reasonable in terms of cost.

I believe the information that Mr. James have given, in which he tested three different kinds of systems in his school district, indicates there is a wide variance in cost, as well as probably in the performance of those different systems.

Our feeling—and I believe this is creditable—is that we need information from the study before we really develop a nationwide program to verify. I think the purpose of the study was to give that kind of guidance, and we seem to be in a situation where perhaps the cart is preceding the horse. Again, the issue is more one of process and cost, the answer which we hope will be forthcoming in this study.

Mr. PACKARD. I think enforcement always costs more than what people tend to perceive its value to be, but enforcement still has intrinsic value that you can't place a dollar value on.

Most of the recommendations that you make in all of your reports involve a significant increase in funding. Are there things that you see in the present program that can be improved and should be improved that do not call for additional funds?

I think maybe to sum up that kind of a question, let me reverse it. If we were to assume that all funds were to remain the same, that there would be no new funding, would you then make the choice of reducing the cost per meal from 40 cents down? Would you suggest and would you recommend that we increase the eligibility guidelines, recognizing that by so doing it would subtract from some other parts of the program, again assuming that there are no additional funds.

Ms. WHITE. Of course, it would not be possible to make those changes without additional funds. I think it is important to say when we talk about additional funds, we are talking about a program that has already been cut by 30 percent. We are talking about making a very token restoration of funds that have already been taken out. So, we are not talking about really increasing the overall level expenditure. It is more a matter of a very minimum restoration of funds.

We have identified three areas that we feel are important in terms of the congressional goals for the program and in terms of what is right for children.

Mr. PACKARD. I think the point still has to stand that the Congress has determined what the funding levels will be. It wasn't this committee that determined that 2 years ago or last year. That was done by the Congress as a whole.

Again, the judgments have to be made by the Congress in terms of funding increases and all of the other aspects that have to live with those increases, including the deficits. I am looking for suggestions from people in very significant organizations, like yourself, that will improve the efficiency of the program and not base all of the recommendations on the premise of increased funding or increased taxes.

Ms. BLANK. There are a few comments that I would like to make. We also believe that from nothing you get nothing, and when you take such a major cut from these programs you absolutely need new funds to really serve children effectively. There are a few small, small things, some direct, some indirect.

One is that the Department of Agriculture has really diminished, if not eliminated its training of umbrella sponsors of family day care. They could get back into that business.

The other thing that this committee could do, although it wouldn't be new funding, is as you did last summer, to carefully monitor that shortfall. Last summer there were many, many providers in many States that got letters from their regional offices saying they wouldn't be getting advance money and they wouldn't be reimbursed until October or November.

It is very important for the committee to find out from the Department what its intentions are this year, so we can inform State child nutrition directors and we don't have programs not knowing whether they are going to have money to operate in the fall. That wouldn't cost any money.

The other issue—which isn't under the jurisdiction of this subcommittee, but it is a full committee issue—is you could all write to Secretary Heckler or talk to Secretary Heckler and tell her not to cut Head Start's training and technical assistance budget by 50 percent.

That would greatly help child care programs in general and help to assure that we still have some training money in the pot, that that is a cut that would be made and the remainder of that would go over to cost of living increases for programs, which is important, but we are talking about more Head Start money that the administration has recommended, anyway, and that the House concurs with. So, we would hope that you could support leaving training and technical assistance for that program, which helps child care.

Mr. PERKINS. Let me thank all of you again. You have been excellent witnesses. It is the committee's intentions, just as soon as the Budget Committee resolves their differences, to report a bill out. Thank you.

The committee will now adjourn.

[Whereupon, at 11:55 a.m. the subcommittee adjourned.]

[Material submitted for inclusion in the record follows:]

SOCIETY FOR NUTRITION EDUCATION,
Oakland, Calif., May 19, 1983.

Hon. CARL D. PERKINS,
Chairman, Committee on Education and Labor, Rayburn House Office Building, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to you on behalf of the Board of Directors and membership of the Society for Nutrition Education (SNE), an organization of 4,000 nutrition educators committed to promoting the nutritional well-being of all people, to urge your continued support of the Nutrition Education and Training (NET) Program.

As you know, the funding level for the NET Program has been substantially reduced since the program's inception. Originally funded at a level of 50 cents per child, this went down to 30 cents per child in 1980 and to the current funding level of 10 cents per child in 1982. As a consequence, all states have had to substantially cut back their NET Progam operations. In a nationwide survey by SNE, 17 NET State Coordinators reported they were forced to reduce the number of NET projects within their states which in turn meant a decrease in the number of students, teachers and food service personnel receiving nutrition education information.

Although the NET Program has been in operation for a relatively short period of time, evaluation data from various states as well as a major study funded by USDA have clearly demonstrated its effectiveness. It has been shown to be cost effective by reducing plate waste and by providing training of the school food service worker, thereby improving school meal management overall. However, the program is equally important as a cost savings measure in terms of health care costs. By teaching wise food choices early in life, the program helps to minimize future health care costs resulting from poor dietary choices. In a country were six of the ten leading causes of death are linked to diet and where dental caries and iron deficiency plague much of the school age population, nutrition education is important.

The NET Program has demonstrated its cost saving potential. The Society for Nutrition Education recommends that NET be funded at the level of $11 million in FY 1984. This would provide an average of 25 cents per child, a small but effective investment in our country's future.

Sincerely,

JERRY L. MOORE, *President.*

Enclosure.

PITTSBURGH PUBLIC SCHOOLS,
Pittsburgh, Pa., May 20, 1983.

Re verification of eligibility—free and reduced price school lunches (7 CFR part 245).

STANLEY C. GARNETT,
Branch Chief Policy & Program Development Branch, School Programs Division, U.S. Department of Agriculture, Food & Nutrition Service, 3101 Park Center Drive—Room 509, Alexandria, Va. 22302

DEAR MR. GARNETT: The Pittsburgh School District strongly objects to the interim rule, which the Department of Agriculture intends to make final, requiring school districts, beginning with the 1983-84 school year, to verify a minimum of 3 percent of approved applications for free or reduced price school lunches by obtaining documentation of family income.

At a time when federal aid to education has been reduced, and state aid has failed to keep pace with local need, when staff reductions have taken place and will continue to take place in local school districts, it is totally unrealistic to have additional, new responsibilities thrust upon us.

Furthermore, it makes no sense to begin such a procedure even before the completion of the pilot study on verification the Department is currently conduucting. As a minimum, before school districts become involved in verification, that study should be completed, the results analyzed and made available for written public comment and regional discussion. If the purpose of the pilot study is to learn what procedures, technical and human, work best, why should the nation's school districts be compelled to proceed by trial and error?

In summary, the Department's intended action is premature, but in any case we don't have the resources to devote to such a project.

The Congress also should rethink the general instructions it gave the Department which has led the Department to propose the specific rule in question.

Sincerely,

JOHN F. SOBOSLAY,
Director of Government Liaison.

THE AMERICAN LEGION, 64TH NATIONAL CONVENTION, CHICAGO, ILL., AUGUST 24-26, 1982

Resolution 507.
Committee: Children and Youth.
Subject: School nutrition program.

Whereas, There has been an expression of concern by health authorities and various national organizations with an interest in the status of proper nutrition among young people; and

Whereas, The Federal School Lunch Program and other federally supported nutrition programs for children have demonstrated their worth as evidenced by a reduction of health problems, improved performance among children and a reduction in the drop-out rate; and

Whereas, There are many school systems throughout the United States that do not participate in the federal/state-supported school lunch program; and

Whereas, There are many schools and school systems throughout the United States that have never had a lunch program or have dropped existing lunch programs because of the lack of federal funding adequate for facilities and the training of personnel; and

Whereas, Since 1941, The American Legion has supported the Federal School Lunch Program and other related programs of nutrition for children; now, therefore, be it

Resolved, By The American Legion in National Convention assembled in Chicago Illinois, August 24-26, 1982, That the Congress of the United States and the various state legislatures be urged to appropriate sufficient funds for school nutrition programs to reflect the increased cost of food and to provide for needed facilities and trained personnel for the purpose of conducting an adequate school lunch program.

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